



November 3, 2017

Mr. Donald Trump
President of the United States
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500
United States

**The American Chamber
of Commerce in Hong Kong**
1904 Bank of America Tower
12 Harcourt Road, Hong Kong

Dear Mr. President,

On behalf of the American Chamber of Commerce in Hong Kong (“AmCham”), we would like to express our strong support for the U.S. shifting to a system of territorial taxation for corporations and individuals to boost U.S. competitiveness in doing business overseas.

AmCham endorses and emphasizes the ambassadorial role of the American expatriate community employed in non-U.S. jurisdictions. This community helps ensure U.S.-made goods and services have commercial viability in the markets in the Asia Pacific region. American men and women representing U.S. companies overseas help increase employment of Americans both at home and abroad as they are the most effective advocates and exporters of U.S.-made goods and services. Their efforts significantly augment the influence and footprint of U.S. values, goods and services to a vast number of people around the world.

The U.S. system of imposing worldwide individual taxation has led to a diminution of U.S. expatriates being employed by both American and foreign companies outside the U.S. As it is generally expensive to live in foreign jurisdictions, employers usually pay a cost of living allowance, reimburse for personal air travel and fund housing expenses for their expatriate employees. All of these payments are taxable to Americans abroad, and neither the foreign-earned income exclusion nor the housing allowance deduction under the existing Section 911 of the Internal Revenue Code (IRC) provides enough to cover the tax on such additional income. As such, employers are forced to pay additional amounts to equalize Americans working abroad so that the employees are not bearing the cost of the foreign assignment. In light of this exceptional tax cost, many employers choose not to hire Americans, and many U.S. citizens are not price competitive in overseas markets.

Because no other developed country imposes worldwide income tax on their citizens who work and reside overseas, companies often choose citizens of other countries when they send their senior-level executives on foreign assignment. As a result, fewer U.S. citizens are sent, consequently diminishing the influence that Americans can have in positively furthering the economic future of the United States. AmCham in Hong Kong, a free economy adjacent to China and global hub for Asia, witnesses this unfortunate trend as Hong Kong hosts many regional and global headquarters.

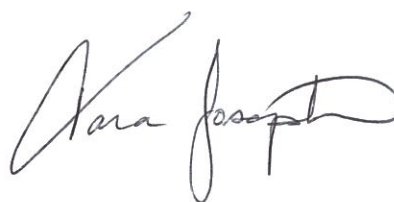
The solution to this problem is a simple one. **AmCham strongly encourages the President and Congress to enact tax reform which achieves the benefits of territorial taxation for both corporations and individuals.** If U.S. citizens working abroad were not subject to U.S. tax laws which are out of step with those of every other developed country in the world, this problem would disappear. Alternatively, increasing the exclusions under Section 911 to a level that effectively covers the actual costs of living overseas would be a worthwhile option to consider. These options would not only create more economic activities for Americans, but would clearly be an "America First" policy.

AmCham would be very pleased to provide further feedback. Please contact Ms. Tara Joseph, President of AmCham Hong Kong, at tjoseph@amcham.org.hk or by phone: +852 2530-6912.

Yours sincerely,



Walter B. Dias
Chairman



Tara Joseph
President

CC U.S. Treasury Secretary Steven Mnuchin
National Economic Council Director Mr. Gary Cohn
Chairman of House Committee on Ways and Means Rep. Kevin Brady
Chairman of Senate Committee on Finance Sen. Orrin Hatch
Assistant to the President Ms. Ivanka Trump
Senior Advisor to the President Mr. Jared Kushner