



## ***Americans Abroad = U.S. Exports = Jobs at Home***

### **INCREASE EXPORTS AND CREATE JOBS BY PRESERVING THE FOREIGN EARNED INCOME EXCLUSION (FEIE)**

#### ***The FEIE Supports U.S. Jobs and U.S. Exports***

- Americans working abroad are the cornerstone of U.S. export promotion overseas, critical to our jobs recovery at home, and messengers of America's message of economic freedom to the world.
- American families living abroad often face double taxation--taxation on the same income by both the United States and their host country.
- Unlike U.S. State Department or military personnel, Americans working abroad are taxed on many foreign benefits allowances and that foreign employers typically provide in order to allow a U.S. worker to accept an overseas deployment, such as allowances to cover overseas housing, flights home, and education expenses.
- The United States is the only industrialized country that taxes its citizens on their worldwide income regardless of where the citizen lives. Other foreign workers who compete with Americans for those jobs pay zero tax to their nation of citizenship.
- The Foreign Earned Income Exclusion (FEIE) contained in Section 911 of the Internal Revenue Code mitigates this double tax burden by exempting a portion of foreign-source income from U.S. taxation.
- The FEIE makes it more affordable for U.S. companies to deploy American employees overseas and allows American workers already resident overseas to compete for jobs in foreign markets. Without the FEIE, many of these U.S. citizens could not afford to work and live overseas on behalf of their employers.
- In this way, the FEIE is an important feature of the U.S. policies that promote the achievement of the President's National Export Initiative, which calls for doubling U.S. exports by 2015. After all, the best advocates of American goods, services, and way of life to those overseas are Americans living abroad.

#### ***The Foreign Earned Income Exclusion Must Be Expanded***

- Unfortunately, the FEIE is capped, meaning that American workers abroad face an artificial barrier to their competitiveness—opportunities are being lost.
- Because the FEIE is capped, it is very expensive for companies operating overseas to hire U.S. workers, and companies are instead encouraged to hire workers from other countries that do not tax citizens on foreign-source income.
- As the U.S. economy and the job base recover, it is crucial for the United States to strengthen the competitiveness of U.S. workers abroad as a method of increasing exports.
- Expanding the FEIE – or exempting all foreign-source income from U.S. taxation – would be a step in the right direction and move us all toward a more level playing field for American workers abroad.

#### ***Reduction or Elimination of the FEIE Would Diminish U.S. Exports and Hinder U.S. Job Creation***

- Proposals to reduce or eliminate the FEIE would be disastrous for Americans working abroad and for our economic recovery at home.
- Elimination of the FEIE would impose greater costs upon companies that employ U.S. workers as the additional tax burden is often paid by companies operating overseas.
- Without the FEIE, millions of “economic diplomats” that spread America's missions of freedom, economic opportunity, and personal independence could be lost.
- The United States cannot export abroad without its citizens being present abroad. Fewer Americans working abroad would mean fewer U.S. exports and fewer U.S. job opportunities at home.
- Congress should oppose any efforts to reduce or eliminate the FEIE.

### ***If A U.S. Company Wants To Prosper Abroad, It Must Be Present Abroad***

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