

May 16, 2003

The Honorable Chuck Grassley
Chairman, Committee on Finance
United States Senate
Washington, DC 20510

Dear Mr Chairman

On behalf of BritishAmerican Business Inc (BABI), the leading transatlantic trade organisation representing over 800 companies, I am writing to express our concern over the proposed legislative changes that would eliminate Internal Revenue Code Section 911 benefits. We believe eliminating the exclusion of earned income and housing costs for US citizens and residents living overseas will have a detrimental effect on transatlantic business.

The presence of American workers overseas helps support US exports. In the UK alone, about 40% of overseas direct investment comes from the US and the trade relationship is worth \$74 billion. A significant part of this is due to the work and expertise of people on the ground. As transatlantic economic links become increasingly important, eliminating section 911 benefits, and therefore making it difficult for many Americans to work overseas, will have a negative impact on US foreign investment and business presence.

Being able to hire or transfer skilled individuals to meet business needs is critical to transatlantic business success. Eliminating 911 benefits will inhibit companies from transferring American employees overseas as they are forced to increase salaries to offset high taxes. Add to this the high costs of assisting with home and host country taxes, and non-salary, quality-of-life benefits that are taxed as income, and US companies will be actively discouraged from relocating American employees abroad.

Americans competing for jobs overseas are already at a disadvantage due to the complexity and cost of reporting their worldwide income, non-cash benefits, allowances, and overseas adjustments. Eliminating 911 benefits puts American employees working abroad at a further economic disadvantage.

The transatlantic business relationship is crucial to both sides. We believe that the current exclusion provided by section 911 encourages the free movement of international employees and puts American businesses and individuals in a competitive position. We, therefore, urge you to maintain the current exclusion within the President's Jobs and Growth Plan.

Sincerely



Alison Holmes
Managing Director