

# Joint Economic Committee

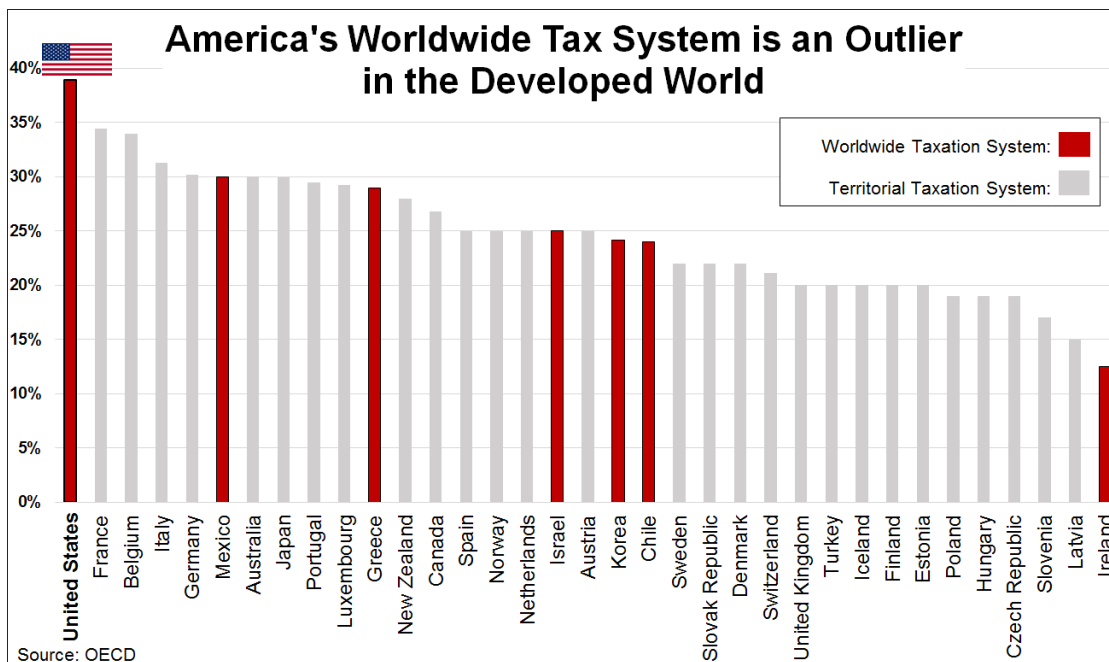
Representative Pat Tiberi, Chairman

Senator Mike Lee, Vice-Chairman

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## Ten Reasons to Reform the Tax Code

***REASON #7: American companies compete overseas with one hand tied behind their backs due to our worldwide tax system.***



**Internationally uncompetitive.** Nearly all countries in the OECD have [moved to a territorial system](#) under which their businesses pay little or no tax to the home country when in a foreign market. In contrast, American-headquartered companies competing in the same market not only pay the host country tax but owe U.S. tax on the same profits. Essentially, American companies are subject to the uncompetitive U.S. corporate rate (the highest in developed world) regardless of where they earn income. Additionally, America is the only large economy in the [Group of Seven \(G7\)](#) with a worldwide system.

| G7 Country           | Territorial | Worldwide |
|----------------------|-------------|-----------|
| Canada               | ✓           |           |
| France               | ✓           |           |
| Germany              | ✓           |           |
| Italy                | ✓           |           |
| Japan                | ✓           |           |
| United Kingdom       | ✓           |           |
| <b>United States</b> |             | ✓         |

**Punishing investment in America.** Under our worldwide system U.S. taxes are triggered when American companies bring overseas profits back to the United States, effectively punishing companies with high taxes when they attempt to use overseas income to create jobs or expand operations in the United States. Pro-growth tax reform should adopt a territorial system to boost America's competitiveness overseas and spur investment and jobs at home.

*To be continued...*