

AMTAC

American Manufacturing Trade Action Coalition

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H.R. 2600, the Border Tax Equity Act – Remedying the VAT Disadvantage to U.S. Manufacturers

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Background:

In addition to any tariffs, U.S. manufacturers **selling abroad** are charged a value-added tax (VAT) at the border of most foreign countries (usually at a rate of 15 to 20 percent). The U.S. government, on the other hand, charges no similar tax to the VAT at our border. Foreign manufacturers selling in the United States, thus pay neither U.S. income/payroll taxes nor their own consumption/VAT taxes since the VAT is rebated by their government on exports. This places U.S. domestic manufacturing at a great competitive disadvantage.

Status:

On June 7, Representatives Bill Pascrell (D-NJ), Mike Michaud (D-ME), Walter Jones (R-NC) and Duncan Hunter (R-CA) introduced H.R. 2600, the Border Tax Equity Act, to remedy the VAT /Border Tax inequity.

The legislation has two basic components. First, it would direct the United States Trade Representative (USTR) to negotiate a remedy for the VAT inequity within the World Trade Organization (WTO) by a date certain. Second, if there is no negotiated solution by that specified date then the United States then would begin charging an offsetting tax at our border equal to the VAT assessed by the home country of the imported goods producer. The U.S. government would then also rebate taxes to U.S. companies exporting goods to foreign countries.

AMTAC Lobbying Efforts:

Since introduction of H.R. 2600, AMTAC Washington staff have briefed some two dozen House offices on H.R. 2600 (see list below), as well as several Senate offices. AMTAC will also brief the House Textile Caucus on H.R. 2600 on Friday, 7/27.

In addition to the four original cosponsors, as of this writing, the following Representatives have agreed to cosponsor the legislation:

- Virgil Goode (R-VA)
- John Duncan (R-TN)

- Robert Aderholt (R-AL)
- Lynn Westmoreland (R-GA)
- Robin Hayes (R-NC)
- Sue Myrick (R-NC).

If your member of Congress is listed below as having been briefed by AMTAC staff but has not cosponsored H.R. 2600, please contact that office and urge them to cosponsor the legislation.

House Offices briefed by AMTAC staff include:

- Mike Rogers (R-AL)
- Robert Aderholt (R-AL)
- Robert Cramer (D-AL)
- Phil Gingrey (R-GA)
- Lynn Westmoreland (R-GA)
- Hal Rogers (R-KY)
- Virginia Foxx (R-NC)
- Howard Coble (R-NC)
- Heath Shuler (D-NC)
- Patrick McHenry (R-NC)
- Sue Myrick (R-NC)
- Mel Watt (D-NC)
- James Langevin (D-RI)
- Joe Wilson (R-SC)
- John Spratt (D-SC)
- Gresham Barrett (R-SC)
- Bob Inglis (R-SC)
- Lincoln Davis (D-TN)
- Rick Boucher (D-VA)
- Tom Petri (R-WI)
- Brad Miller (D-NC)
- Robin Hayes (R-NC)
- Nathan Deal (R-GA)