



# REPUBLICANS ABROAD ASIA PACIFIC

## 美國共和黨海外部亞太地區

### SECTION 911 DEVELOPMENTS

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#### *An update on the possible repeal of the Foreign Earned Income Exclusion.*

- Congress has now approved H.R. 4520, the American Jobs Creation Act of 2004. The legislation replaces the Foreign Sales Corporation/Extra Territorial Income programs, which violate World Trade Organization rules, with other tax relief for exporters. The House approved the bill last Friday in Washington, D.C. by a 280 - 141 vote.
- After a long weekend in the Senate, which included sessions on Sunday and Columbus Day, the Senate approved the legislation on Monday by a 69 - 17 vote. Many Senators are angry that the delay caused them to miss several days of campaigning in their home states. The Senate and the House have now adjourned until after Election Day.
- As discussed in the October 8, 2004 *Section 911 Developments*, the possibility of a Senate filibuster became a reality over the weekend. Several senators are angry that provisions on FDA regulation of the tobacco industry, overtime, and outsourcing were removed in conference.
- The House - Senate conference removed language added by Sen. Mary Landrieu (D-LA) to the Senate version of the bill that as a revenue raising offset, applied the annual foreign earned income exclusion cap (\$80,000 for 2004) to the combined value of foreign earned income and employer-provided housing amounts. This was to serve as a revenue raising offset to a proposal by Sen. Landrieu to offer a tax credit for small businesses that continue to pay reserve and guard troops called to active duty.
- Several media outlets are reporting that as part of an agreement to end debate on H.R.4520, Senate leaders agreed to include Sen. Landrieu's proposal in other legislation. Because of the Columbus Day holiday on Monday details were unclear as we went to publication. We will continue to monitor developments for their impact on the Foreign Earned Income Exclusion. With only a short session planned for after Election Day and without similar legislation in the House, it will be difficult for Sen. Landrieu's proposal to become law in the current Congress.
- H.R. 4520 impacts a wide range of overseas business activities for American companies and individuals, it is worth taking note of key provisions. The House Ways and Means Committee has prepared a detailed discussion of the legislation which can be read at <http://waysandmeans.house.gov/Links.asp?section=1559>



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