

108TH CONGRESS  
2D SESSION

# H. RES. 705

Urging the President to resolve the disparate treatment of direct and indirect taxes presently provided by the World Trade Organization.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 7, 2004

Mr. ENGLISH submitted the following resolution; which was referred to the Committee on Ways and Means

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## RESOLUTION

Urging the President to resolve the disparate treatment of direct and indirect taxes presently provided by the World Trade Organization.

Whereas the World Trade Organization does not permit direct taxes, such as the corporate income tax, to be rebated or reduced on exports;

Whereas indirect taxes, such as a value added tax, can be and are rebated on exports in other countries;

Whereas the distinction by the World Trade Organization between direct and indirect taxation is arbitrary and may induce economic distortions among nations with disparate tax systems; and

Whereas United States firms pay a high corporate tax rate on their export income and many foreign nations are al-

lowed to rebate their value added taxes, thereby giving exporters in nations imposing value added taxes a competitive advantage over American workers: Now, therefore, be it

1       *Resolved*, That the President—

2               (1) within 120 days after the convening of the  
3       109th Congress, and annually thereafter, should re-  
4       port to Congress on progress in pursuing multilat-  
5       eral and bilateral trade negotiations to eliminate the  
6       barriers described in section 2102(b)(15) of the  
7       Trade Act of 2002; and

8               (2) within 120 days after convening the 109th  
9       Congress, should report to Congress on—

10              (A) proposed alternatives to the disparate  
11       treatment of direct and indirect taxes presently  
12       provided by the World Trade Organization; and

13              (B) other proposals for redressing the tax  
14       disadvantage to United States businesses and  
15       workers, either by changes to the United States  
16       corporate income tax or by the adoption of an  
17       alternative, including—

18              (i) assessing the impact of corporate  
19       tax rates,

20              (ii) a system based on the principal of  
21       territoriality, and

- 1 (iii) a border adjustment for exports
- 2 such as is already allowed by the World
- 3 Trade Organization for indirect taxes.

