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SIIA Urges Administration and Congress to Pass Repatriation Legislation

Measure Would Stimulate Growth, Create Jobs and Provide Revenue to the Treasury

WASHINGTON, D.C. (September 14, 2011) – As economic stimulus measures are debated in Washington, the Software & Information Industry Association (SIIA), the principal trade association for the software and digital content industries, today joined a growing chorus of companies, trade associations, and other organizations urging the immediate passage of H.R. 1834, the Freedom to Invest Act, and similar legislation to allow U.S. companies to repatriate some or all of the $1.5 trillion global profits currently held abroad.

Repatriation would allow U.S. companies to return these earnings to the U.S. at a lower tax rate for a one-year period. Recent studies show that a repatriation measure would stimulate hundreds of billions of dollars of increased economic activity growth, create jobs for millions and provide billions in additional revenue to the Treasury.

"At a time of economic distress, a one-year repatriation tax holiday is a straightforward, commonsense approach to creating jobs for millions of Americans and raising billions for the U.S. Treasury," said Ken Wasch, President of SIIA. "Quite frankly, we'd like to see broader tax reforms that include making the R&D tax credit permanent, lowering the corporate tax rate and revising the international tax system. But repatriation is an immediate measure, and we shouldn't let the perfect be the enemy of the good."

Wasch continued, "Repatriation will both lead to direct corporate expenditures on jobs and will spur investment and corporate financial transactions that put money in the hands of other businesses and working families. Just as direct government spending or tax cuts will increase economic activity, a repatriation tax moratorium will create jobs and spending that fosters economic growth. A recent Chamber of Commerce study estimated that a repatriation tax moratorium could return home approximately $1 trillion, providing jobs for almost 3 million workers."

Some analysts suggest that a repatriation moratorium would cost the government tax revenue. "But that's implausible on its face," Wasch noted. "The lower tax rate

motivates corporations to bring home cash that would otherwise stay abroad – untaxed and, eventually, would likely be spent in foreign countries. A recent study from the New Democratic Network shows that a new repatriation tax holiday would raise almost $9 billion for the U.S Treasury."

"The companies represented by SIIA include software and digital content companies that are increasingly involved in international operations to service their remote customers," Wasch continued. "The international tax system the U.S. has adopted is totally inadequate for the new economic reality of global distribution and production networks. As Moody's recently estimated, in the absence of reform, tech companies will double their profits retained offshore over the next three years, reaching a point where 79% of their retained earnings are held overseas. A repatriation tax holiday will bring a significant portion of this money home where it can be used for jobs and investment."

About SIIA

The Software & Information Industry Association (SIIA) is the principal trade association for the software and digital content industry. SIIA provides global services in government relations, business development, corporate education and intellectual property protection to more than 500 leading software and information companies.

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