



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

MEMORANDUM

To: Reporters and Editors
Re: Contract manufacturing
Da: Wednesday, May 12, 2004

The following comment is from Sen. Chuck Grassley, chairman of the Committee on Finance, on why he and Sen. Max Baucus, ranking member, took the contract manufacturing provision out of the JOBS bill.

“The contract manufacturing provision that was taken out of the JOBS bill would have codified guidance issued by the IRS in 1997. We have learned, however, that this position may not be sustainable under current case law and that the 1997 announcement is under review. We also have learned that taxpayers have been complying with the case law to the extent it conflicts with the announcement by the IRS. Accordingly we agreed to defer action on this issue until we could conduct a more complete review of it. It should be noted, however, that this is likely not our final word on contract manufacturing. While we remain committed to the competitiveness of American companies, we remain equally committed to ensuring that our international tax rules are not misused to obtain unintended benefits.”