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House Conservatives Receive Commitment to Treat Dividends of Domestic and Foreign Companies Equally

WASHINGTON, D.C. – Today Rep. Paul Ryan (R-WI), a member of the House Republican Study Committee (RSC), a caucus of over 85 House conservatives, won a commitment from Ways and Means Chairman Bill Thomas that the final Jobs and Economic Growth Package will treat all American shareholders equally, irrespective of whether they own shares in domestic or foreign corporations.

Rep. Ryan secured the commitment after he and other members of the RSC, including Rep. Pat Toomey (R-PA), Rep. John Shadegg (R-AZ), Rep. Don Manzullo (R-IL), Rep. Sam Johnson (R-TX) and RSC Chairman Rep. Sue Myrick (R-NC) raised concerns about the manner in which the bill before the House was drafted. For example, as currently drafted, if an American taxpayer owns stock in both General Motors and Chrysler and both companies pay out dividends, the taxpayer would pay a maximum tax on the dividend paid by General Motors of 15%, but a maximum tax on the dividend paid by Chrysler of 35%. That is because Chrysler is a subsidiary of Daimler, which is a foreign corporation.

A recent study by the American Enterprise Institute revealed that non-U.S. companies in one year alone invested \$321 Billion into new or existing businesses in the United States. U.S. subsidiaries of foreign-based firms employ 5.6 million workers right here in America. Furthermore, American taxpayers own approximately \$1.8 trillion worth of foreign stocks. Approximately 900 non-U.S. companies are traded on U.S. Stock Exchanges.

Rep. Paul Ryan stated, “Reducing the tax on dividends paid by both domestic and foreign corporations, not just domestic corporations, is not only a matter of fairness, but it is also a key element in helping our economy and creating jobs. I am pleased that the Chairman of the Ways and Means Committee has committed to fixing this problem.”

Rep. Pat Toomey added, “H.R. 2 is a good bill, and we are pleased that Chairman Thomas has agreed to fix this flaw so that all dividend income is taxed equally. If a company employs U.S. workers here in America, we should not discourage it from continuing to do so.”

"We're discriminating against American taxpayers when we say that when you invest in a foreign corporation, you have to pay taxes on the dividends," said **Rep. Sam Johnson**, TX-03, a member of the House Ways and Means Committee and co-founder of RSC, which approved the plan over his objections. "I don't know why we don't want to encourage dividends from foreign companies that invest big time in our area."

Added **Rep. Don Manzullo**, "My colleagues and I are greatly relieved that this unintentional slight to small investors is going to be resolved. Tax relief is a fundamental part of getting our economy going again, and this bill should give the American people every tool they need to ensure their families success."

Rep. John Shadegg concluded, “H.R. 2 is about job creation plain and simple. I am pleased that Chairman Thomas agrees that Americans who own stock in domestic and foreign companies should be treated equally.”

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