

**FOR IMMEDIATE RELEASE**

For more information:  
Semiconductor Industry Association  
John Greenagel or Daryl Hatano  
408.436.6600  
[mailbox@sia-online.org](mailto:mailbox@sia-online.org)

**Administration International Tax Proposals Could Drive Jobs Abroad*****SIA says weakening deferral of foreign earnings would make U.S. companies less competitive***

**SAN JOSE, CA – May 4, 2009** – The Semiconductor Industry Association (SIA) said today that proposed changes to international tax rules such as weakening the deferral of U.S. income taxes on the earnings of foreign subsidiaries of U.S. companies could actually encourage the transfer of manufacturing and research and design activities offshore.

“While we applaud the Administration’s goal of encouraging investment in R&D and manufacturing operations in the United States, as evidenced by its proposal to make the research credit permanent, we are very concerned that the international tax proposals would have exactly the opposite result,” said SIA President George Scalise. “Nearly all of the countries with which America competes for investment either defer taxes on foreign earnings or do not tax them at all. Changes such as weakening the deferral of such taxes would place U.S. companies with foreign subsidiaries at a competitive disadvantage.”

SIA noted that at present, the U.S. does not tax the income generated by offshore subsidiaries of U.S. companies until those earnings have been paid to the parent company, usually as a cash dividend. Deferral of such taxes helps to level the playing field for U.S. companies in the global arena.

“Semiconductors are America’s second-largest export product,” Scalise continued. “When American companies compete successfully in international markets, they also expand their domestic operations and create jobs in America. There are many other, better alternatives for encouraging job-creating investments in the U.S. Making it more expensive for U.S. companies to compete in foreign markets is not one of them. The tax code is very complex and should not be changed in isolation, as the Administration has proposed. SIA would welcome a constructive dialog in the context of an overhaul of our international tax system that would contribute to the very laudable goal of encouraging investment in the United States,” Scalise concluded.

***About the SIA***

The SIA is the leading voice for the semiconductor industry and has represented U.S. semiconductor companies since 1977. Collectively, the chip industry employs a domestic workforce of approximately 200,000 people. The semiconductor industry is America’s second-largest exporting industry. More information about the SIA can be found at [www.sia-online.org](http://www.sia-online.org).