

China Task Force Recommendations in Ways & Means Committee Jurisdiction
September 30, 2020

Tax Policy Recommendations

- Congress and the Administration should keep tax rates globally competitive and remain vigilant if the PRC or other foreign competitors seek to undercut U.S. rates.
- Congress should pass H.R. 7749, the Bringing Back American Jobs Through Intellectual Property Repatriation Act, which would support innovation and high-paying jobs in the U.S. by allowing U.S. companies to bring back to the U.S. IP that is held offshore without immediate U.S. tax consequences.
- Congress should pass H.R. 6802, the Accelerate Long-term Investment Growth Now Act, which would incentivize long-term investments by making permanent the opportunity for businesses to fully deduct investments in business machinery and equipment in the tax year in which they occur.
- Congress should pass H.R. 7766, which would improve tax incentives to conduct R&D in the U.S. by doubling the current R&D tax credit and increasing the small business portion allowed against payroll taxes to help maintain U.S. leadership on innovation.
- Congress should pass H.R. 4549, the American Innovation and Competitiveness Act, a bipartisan measure that would eliminate the R&D amortization provision that begins in 2022, so that businesses may deduct R&D costs immediately instead of slowly over a five-year period.
- Congress should pass H.R. 7767, the Domestic Medical and Drug Manufacturing Tax Credit, which cuts the U.S. tax rate in half for income from domestic manufacturing and sale of APIs and medical countermeasures through a tax credit and provides a 30 percent investment tax credit for new investments in advanced manufacturing equipment used in the U.S. to manufacture drugs and medical products.
- Congress should pass H.R. 7555, the More Cures Act, and H.R. 7556, the Start-ups for Cures Act, which create R&D incentives for biotech companies that are engaged in infectious disease drug development or research and provide refundable R&D credits for infectious disease vaccine and drug research for pre-revenue biotech companies in order to remove obstacles that prevent innovators from starting U.S. companies to work to cure diseases.
- Congress should pass H.R. 7537, the Infectious Disease Therapies Research and Innovation Act of 2020, which creates earlier investment and stronger research in critical therapies and vaccines by amending the passive loss rules currently in the tax code in order to help these smaller firms raise private funds from more investors at an earlier stage.
- Congress should pass H.R. 7505, the American Innovation Act of 2020, which would make it easier for America's innovators to start new drug companies that can research and develop new cures and treatments by providing special tax treatment for start-up costs and by preserving valuable tax attributes like R&D credits.
- Congress should design and pass tax incentives to encourage more domestic production of advanced semiconductors.

Key Trade Policy Recommendations

- The United States must aggressively use the new and unprecedented consultation, monitoring, and enforcement mechanisms in the China Phase One agreement, particularly relating to IP, agriculture barriers, and forced technology transfer.
- The United States should develop a strategic plan for Phase Two negotiations with the PRC to address remaining PRC barriers, including the use of subsidies to distort global markets; dominance of state-owned enterprises to dictate terms of trade and data; and forced tech transfer and joint venture requirements that seize the crown jewels of American innovation.
- The United States should negotiate agreements under TPA to counter China's influence by strengthening economic and geostrategic ties, establishing ambitious rules and standards based on U.S. law, and creating export opportunities for U.S. producers:
 - Continue negotiating comprehensive, high-standard agreements with the UK and Kenya;
 - Commence Phase Two comprehensive trade agreement negotiations with Japan;
 - Identify additional partners for negotiations if they demonstrate a willingness and ability to take on ambitious, enforceable, and comprehensive obligations; and
 - Include ambitious provisions in agreements to set rules aimed at addressing PRC barriers and require parties to consult with us if they negotiate with non-market economies.
- The United States should continue using statutory trade tools to strengthen economic and geostrategic ties with developing countries in Africa, Asia, and Latin America:
 - Extend the bipartisan Generalized System of Preferences;
 - Extend the bipartisan Caribbean Basin Trade Partnership Act; and
 - Continue using the bipartisan Africa Growth & Opportunity Act.
- The Administration should work to deepen trade ties with Taiwan and resolve specific outstanding trade issues, taking the steps to launch trade agreement negotiations once those issues are addressed.
- Congress should pass H. Res. 746, a bipartisan resolution supporting the WTO and calling on other WTO members to join in reforming the organization.
- The United States should work through the WTO, with allies, on developing reforms and new rules and disciplines to address CCP threats; advance U.S. policy, rules, and standards; and build alliances to counter the CCP's economic aggression:
 - Negotiate an ambitious agreement on e-commerce that prohibits localization barriers and allows cross-border data flows;
 - Reform the WTO Appellate Body to stop it from imputing new obligations to the U.S. that prevent enforcing our rights under WTO agreements with respect to state subsidies;
 - Reform the WTO to require countries to meet their transparency and notification obligations so that we can use dispute settlement more effectively;

- Discipline the designation of “developing country” so that special treatment is reserved for truly developing countries and not the PRC and similarly situated economies; and
- Negotiate new disciplines on subsidies, state-owned enterprises, and IP.
- The United States should develop a strategy to select a new WTO Director-General who is equipped to challenge the PRC’s efforts to undermine the system.
- The United States should make securing the supply chains of the most strategic products for national security and health requirements a top priority:
 - Use existing trade agreements and ongoing and future bilateral, plurilateral, and multilateral trade negotiations and fora with allies to secure supply chains; and
 - Identify highest priorities to secure supply chains using ongoing Committee requests to International Trade Commission and enhance cooperation with allies and the private sector.