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## **PSC Urges State Department to Remedy Iraqi Government's Unfair Taxation of U.S. Contractors in Iraq**

**Arlington, V.A. (Sept. 26, 2017)**— The Professional Services Council's President and CEO, David J. Berteau, issued the following statement regarding U.S. contractors required to pay taxes in Iraq:

"PSC applauds the vital role that U.S. contractors provide in support of deployed forces and diplomatic personnel around the world, and U.S. and coalition forces will continue to rely on that support for the foreseeable future. The Federal Procurement Data System identifies 20 companies who received at least \$500,000 in contract revenue for support in Iraq in the first part of Fiscal Year 2017, and PSC estimates annual contract expenditures of up to \$1 billion. These companies pay their full share of U.S. taxes on that contract income, then the government of Iraq assesses taxes on top of U.S. taxes. The cost of those taxes will either be reimbursed by the U.S. government under the contracts, or sooner or later they will have to be built into future contract prices. Either companies lose money, or U.S. taxpayers eventually foot the bill.

"We believe that, as is the case in Afghanistan and other conflict zones, these contractors should not be required to pay income taxes to the Government of Iraq in addition to their U.S. taxes. Such taxation practice would typically be covered by a written agreement between the U.S. and Iraqi governments, but the State Department to date has not engaged visibly and actively to prevent U.S. contract dollars from paying these unwarranted Iraqi tax bills."

In response to a [letter from PSC](#), U.S. Secretary of State Rex Tillerson acknowledged that contractors "regularly meet the demanding requirements of the defeat-ISIS mission."

However, in his [reply to PSC](#), Secretary Tillerson ignores the absence in Iraq of negotiated agreements that protect U.S. contractors. Further, he appears to endorse double taxation by stating: "It is always important that U.S. companies follow local laws. In Iraq, that includes payment of local taxes."

PSC will continue to engage with Congress and the executive branch on this issue until U.S. contractors in Iraq are treated fairly.

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**About PSC:** PSC is the voice of the government technology and professional services industry. PSC's more than 400 member companies represent small, medium and large businesses that provide federal agencies with services of all kinds, including information technology, engineering, logistics, facilities management, operations and maintenance, consulting, international development, scientific, social, environmental services, and more. Together, the trade association's members employ hundreds of thousands of Americans in all 50 states. Follow PSC on Twitter [@PSCSpeaks](#). To learn more, visit [www.pscouncil.org](http://www.pscouncil.org).