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Another Proposed Law to Stem Outsourcing Overseas

Sen. Schumer is proposing a law that would tax companies for offshoring call center operations.



POSTED BY: **Beth Bacheldor** in News
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Legislators are looking for new ways to stop U.S. companies from outsourcing work overseas. Last week I wrote about the provisions in the Jobs Act to close tax loopholes for companies that ship jobs overseas (see [the blog](#) here). This week, Sen. Chuck Schumer (D-N.Y.) introduced legislation that calls for taxing companies that transfer domestic customer service calls to foreign call centers. In a prepared statement, Schumer said the \$0.25 excise tax is designed to provide incentive for companies to keep call center jobs on American soil.

"If we want to put a stop to the outsourcing of American jobs, than we need to provide incentives for American companies to keep American jobs here," he said. "This bill will not only serve to maintain call center jobs currently in the United States, but also provide a reason for companies that have already outsourced jobs to bring them back."

Not only would companies be taxed for transferring domestic service calls to foreign call centers, they'd have to own up to such transfers, too. Under the proposed law, if a caller dials an 800 number that lands in India, the call center has to notify the caller that his or her call had been rerouted to India.

The disclosure requirement also requires that companies annually certify to the Federal Trade Commission (FTC) that they are complying with this requirement. Companies that fail to certify they are fully disclosing call transfers would be subject to civil penalties that the Federal Trade Commission (FTC) would prescribe.

Just as there has been with the Jobs Act, there's no shortage of folks who believe Schumer's bill won't have its intended impact. In an article in [The Hill](#), TollFreeForwarding.com CEO Travis May said the tax could ultimately be passed on to consumers in the form of higher prices. He also said it could prompt U.S. companies to altogether move their operations offshore.

In [this article](#), an economist predicts the excise tax as proposed in Schumer's bill will incur new taxes imposed on American goods sold offshore. "The Senator's intent is certainly laudable—we all want to promote job creation in the United States," Kent Gardner, an economist with the Center for Governmental Research in Rochester, told 13 WHAM, a Rochester, N.Y. news station. "But we have to be careful that we stick with policies that promote fair trade and not give into the temptation to be protectionist. As we learned during the Great Depression, protectionism only works temporarily. If we want to tax sales to call centers in, say, Chennai or Mumbai in India, then we have to expect the Indians to tax sales of Kodak digital technology or Harris RF Communications equipment to India. Eventually we all lose."

What do you think? Might Schumer's bill curb companies' appetite for offshoring call centers? Or might it turn around and bite us in our proverbial wallet?

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