

New US healthcare Act to hit Indian IT's profitability

Law extends increased visa fee regime for skilled workers by a year

WASHINGTON/NEW DELHI,
DECEMBER 23

A new US healthcare law related to 9/11 attacks may erode the profitability of Indian IT companies, among others, as it seeks to raise funds by continuing an increased visa fee regime for skilled workers.

India slammed the move as 'retrograde' and the Indian IT industry said it was disappointing that the US is levying taxes only on overseas companies to meet many of its internal funding needs.

The James Zadroga 9/11 Health and Compensation Act of 2010 seeks to create a \$4.3-billion fund to provide free medical treatment to those suffering from illnesses contracted while clearing the debris at the Ground Zero in the aftermath of the 9/11 terror attack.

The bill passed last night

675
The law will send a negative signal to Indian investors who have remained firmly committed to partnering American companies and have supported jobs even at the peak of economic crisis.

— Commerce Minister Anand Sharma



will require an estimated budget of \$4.3-billion over a 5-year period will primarily be funded by taxing goods and services sourced from contractors in countries like India, China and Thailand, which are outside the purview of WTO's agreement on government procurement.

It will also be funded by continuation of an increased fee on certain categories of H-1B and L1 visas - that would mainly impact Indian IT companies - and the con-

tinuation of a fee on some travellers to this country. The US had hiked the visa fee in August this year to fund border security and was to be valid till 2014. It will now be in force till 2015.

The previous hike was expected to cost the Indian IT industry an additional \$200 million a year in visa fee. Several Indian IT firms avail H-1B and L-1 visas annually to fly their software engineers to the US for working at their clients' locations.

In a letter to US Trade Representative Ron Kirk, Commerce and Industry Minister Anand Sharma said: "Passing of such a legislation would to my mind be a retrograde step for greater trade engagement."

"US lawmakers seem to have developed a new practice of unfairly taxing foreign companies to pay for domestic issues," industry IT industry body Nasscom said.

Commerce Minister Sharma said the issue of visa fee has caused considerable concern and apprehension to the Indian industry. He said the new law 'will send a negative signal to Indian investors who have remained firmly committed to partnering American companies and have supported jobs even at the peak of economic crisis'.

12 nm

US (PLN)