Roger H. Baumgart
Chief Executive Officer

Home Instead SENIOR CARE®
To us, it's personal.

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May 9, 2013

Mr. Demetrios Marantis
Acting United States Trade Representative
Office of the United States Trade Representative
600 17th Street NW
Washington, DC 20508
USA

Re: Written comment to the Proposed Transatlantic Trade and Investment Agreement

Dear Mr. Marantis:

As you know, on March 20, 2013, the USTR notified Congress of the Administration's intention to enter into negotiations for a Transatlantic Trade and Investment Partnership (TTIP) agreement with the European Union (EU). This letter is in response to the request for written comments which are due by May 10, 2013.

On behalf of Home Instead Inc., we would like to formally request an opportunity to provide testimony at the USTR hearings on May 29th and May 30th of this year. Below is a summary of our testimony regarding this TTIP.

Our company, which is headquartered in Omaha, Nebraska, is a world leader in providing non-medical home care and companionship services for seniors. Paul and Lori Hogan founded Home Instead Inc., and began serving seniors in Omaha in 1994. Today, our franchise network is the world's largest source of companionship, Alzheimer's, and home care for seniors, with nearly 1,000 franchise offices in the United States, Canada, Japan, Portugal, Australia, Ireland, the United Kingdom, New Zealand, Taiwan, Switzerland, Germany, South Korea, Finland, Austria, Northern Italy, Puerto Rico, Netherlands and Mexico. The network employs nearly 65,000 trained caregivers who provide millions of hours of elder care services annually.

We would like to formally request that the USTR focus on two particular home care related issues as we negotiate the TTIP with the EU. The first issue deals with the EU Value Added Tax (VAT). The second matter deals with inflexible labor laws related to home care in the EU.

VAT on Home Care Services

One of the subjects that is sure to come up during the TTIP trade negotiation is the EU VAT. This is a tax on the consumption of goods and services within the EU. As you know, the EU does not collect the tax, but instead the EU member states are required to adopt a VAT that complies with the EU VAT.

Our concern focuses on the impact of the VAT on home care services. It is our position that the VAT on home care services in the EU substantially inhibits our successful entry into many EU markets and dampens the prospect for normal business development by increasing the cost of care beyond the financial means of many families. As you may know, VAT rates vary substantially within the EU but are as high as 23% for home care services in Italy, 20% in Austria, 19% in Germany, 24% in Finland, and 21% in the Netherlands. This high VAT on home care:

- Becomes a barrier, making entry into an EU market challenging for our business;
- Cripples the ability of master franchisees to expand their networks through a process of sub-franchising;
- Acts as a brake on the growth of local franchise businesses; and,
- Introduces complexity attributable to widely varying rates and rules across the European Union.

In addition to inhibiting growth and expansion for U.S. companies seeking to do business in the EU, the high VAT imposed on home care is also harmful to EU entrepreneurs.

Inflexible Labor Laws

An additional subject which may arise during the EU TTIP negotiation is that of the labor regulations related to home care. In the EU, labor regulations written to protect fulltime employees grant no exemptions or special considerations for businesses where part-time employment is the rule rather than the exception. As a result, home care businesses are compelled to pay full-time wages and offer extensive benefits including paid vacations and holidays to employees working part-time. These regulations unnecessarily drive up costs, reduce flexibility, and unnecessarily inflate the cost of home care.

Conclusion

It should be noted that some EU countries have liberalized their VATS as they relate specifically to home care. In these countries (notably Ireland and the UK), our business has flourished. On the contrary, other countries (most especially Italy and Austria) have imposed high VATS and stringent and inflexible labor laws for part-time labor to the serious detriment of our home care business.

Any effort which could address these challenges through negotiation of the TTIA would be advantageous for U.S. home care businesses as well as for the master franchisees and their sub-franchisees who are EU citizens and entrepreneurs. Moreover, it also greatly benefits the millions of seniors in the EU who could benefit from the safe and affordable home care that Home Instead and others could offer.

We look forward to the opportunity to testify before the EU on either May 29th or May 30th. We will provide more extensive testimony during the formal hearings on this subject on May 29th and May 30th. Thank you for the opportunity to provide written comment on this important matter.

Sincerely,

Roger H. Baumgart

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