PRINCIPLES FOR TAX REFORM

- Tax reform legislation should lower the corporate tax rate to a level that will enable U.S. businesses to compete successfully in the global economy, attract foreign investment to the United States, increase capital for investment, and drive job creation in the United States. Congress should consider the impact of a corporate rate reduction on passthrough entities.
- In addition to reducing tax rates, tax reform should eliminate the bias in the current U.S. tax system against capital investment. Capital investment should be expensed or recovered using a capital cost recovery system that provides the present value equivalent to expensing with due regard to the impact the system may have on cash flow.
- In the international arena, the current worldwide tax system should be replaced with a territorial system for the taxation of foreign source income to enable U.S. businesses to compete successfully in the global economy, as well as domestically against foreign firms, and to promote economic growth domestically.
- Changes should be permanent to ensure certainty for businesses striving to expand, create jobs, and remain competitive in the United States and abroad.
- Fundamental reform should take place in the near-term, and Congress should not, in the interim, adversely change the current tax policy.
- Congress preferably should pass comprehensive tax reform legislation; conversely, Congress should avoid undertaking tax reform on a piecemeal basis.
- In considering tax reform legislation, Congress should give equal attention to government spending to strike a reasonable balance with a tax code that fosters economic growth, job creation, and investment.
- Congress should enact simple, predictable and easy to understand tax rules to improve compliance and reduce the cost of tax administration.
- Tax reform legislation should ensure industry-specific neutrality and avoid special tax benefits or penalties targeted to one industry versus another. Tax reform should allow the marketplace, not the tax system, to allocate capital and resources.
- Comprehensive tax reform should include realistic transition rules to provide adequate time for implementation and help minimize economic hardships businesses may encounter in transitioning to the new tax system.

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