



Win an iPad!

MarketWatch **Fantasy Earnings Trader**
A free stock market game [Play now >>](#)

Sponsored by THE GLENLIVET

©2010 The Glenlivet Distilling Company, Purchase, NY

Dow Jones Reprints: This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit www.djreprints.com

[See a sample reprint in PDF format.](#)

[Order a reprint of this article now](#)

THE WALL STREET JOURNAL.
WSJ.com

LETTERS | OCTOBER 8, 2010, 5:12 P.M. ET

Permanent Tax Changes Count Most

Michael Mundaca's [letter](#) of Oct. 1 in response to your editorial "[The Send Jobs Overseas Act](#)" (Sept. 27) argues that temporary measures like bonus depreciation make the U.S. corporate tax system at least as competitive as the average G-7 country. What he fails to mention is that bonus depreciation largely shifts investment to 2009 and 2010 rather than build up capital stock on a sustained basis. For this reason, Duanjie Chen and I have downplayed the temporary measures adopted in many industrialized nations when we compared tax burdens on new investment across countries in our Cato study.

It is perhaps disheartening that the U.S. government seems bent on more temporary depreciation measures to grow the economy. The U.S. needs a healthy dose of corporate tax reform especially to lower its high corporate income tax rates (close to 40% for state and federal taxes) and remove special preferences often targeted at uneconomic business activities. It would not only lead to more productivity but also help federal and state governments by reducing the incentive for companies to shift taxable income to low-tax jurisdictions.

As many countries have found in the past two decades, corporate rate cuts lead to little revenue loss when rates are excessively high (over 27%).

Jack Mintz

University of Calgary

Calgary, Alberta

Copyright 2009 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit www.djreprints.com