



PR Newswire

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Current Corporate Tax Code Puts U.S. Firms at Disadvantage, Discourages Investment in U.S., Panelists Say

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No matter who is elected president in November, fixing America's broken tax code should be a high priority – that was the general consensus among tax experts speaking on a panel hosted by the Prosperity Caucus this week on Capitol Hill. The current code puts the U.S. at a competitive disadvantage and produces unintended consequences, including record-high acquisitions of U.S. firms by larger foreign companies and decreased domestic capital investment.

Another major problem is that U.S. tax laws are changing rapidly, at the whim of the Treasury Department rather than through the more deliberative legislative process.

"The U.S. was once a stronghold of the rule of law, among the handful of most reliable places to do business in the world, but that is no longer the case," said Ambassador James K. Glassman, who moderated the discussion.

His concern was echoed by other panelists, including Pam Olson: former Assistant Secretary for Tax Policy, US Treasury, and currently US Deputy Tax Leader at PwC; Ike Brannon: President of Capital Policy Analytics and a visiting fellow at the Cato Institute; and Aparna Mathur: American Enterprise Institute resident scholar in economic policy studies.

The U.S. not only has the highest corporate income tax rate in the OECD, nearly 40% when we include state and local taxes. It is also one of the few nations that still taxes international income on a worldwide basis.

To make matters worse, recent Treasury rules designed to limit the ability of multinationals to work around the worldwide deferral system have made a byzantine tax code even more complicated, and may end up not accomplishing what was the intent of the regulations.

"U.S. companies are at a serious competitive disadvantage to their international counterparts, due to a corporate tax code that is in especially dire need of reform," said Ike Brannon, President of Capital Policy Analytics and a panelist.

"We are entering the rococo period of corporate taxation," Glassman added.

There will be a lot of issues on the plate of our new president, but fixing our business tax code should be high on the list – taking the right steps will lead to more jobs and more investment in the U.S. Those are both things our nation needs badly.