



15% corporate tax would encourage companies to game the system, says economist

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Key Democratic Senator Joe Manchin blasted progressives for holding the infrastructure bill hostage, saying that the compromise is not good enough for a lot of colleagues in Congress.

“There's more of the real details outlined, the basic framework are released. What I see are show games, budget gimmicks that make the real cost of the so-called \$1.75 trillion bill estimated to be almost twice that amount,” said Senator Joe Manchin. “This is a recipe for economic crisis.”

“It's a classic Washington game where they only extend or expand certain programs,” said senior fellow at the Cato Institute Scott Lincicome to The National Desk's Jan Jeffcoat. “When you actually extend these programs out the full 10-year window, you end up with \$5 trillion in spending give or take, but still only that 1.8 trillion in tax hikes.”

The plan will impose a 15% minimum tax on corporate profits in order to pay for much of the spending.

“Corporations don't pay taxes, but they're going to pass those on to consumers, to workers, and to shareholders,” said Lincicome. “This is sure to encourage all sorts of gaming by large corporations because it's not a flat minimum 15% tax. Instead, companies can still take credits and deductions for things like renewable energy investment and the rest to lower their tax bill back, maybe even down to zero.”

Lincicome says that “none of that's good for economic growth and efficiency.”

The debt ceiling is quickly approaching on December 3 - but Lincicome says he’s “fairly confident” lawmakers will work something out.

“The Treasury has wiggle room on all this. And these hard deadlines that they use to try to scare Congress inaction tend to get fudged a bit,” said Lincicome. “Congress knows that going down this road could be potentially disastrous for the full faith in credit of the U.S. dollar and for our Treasury debt.”