

United States now has the highest corporate income tax

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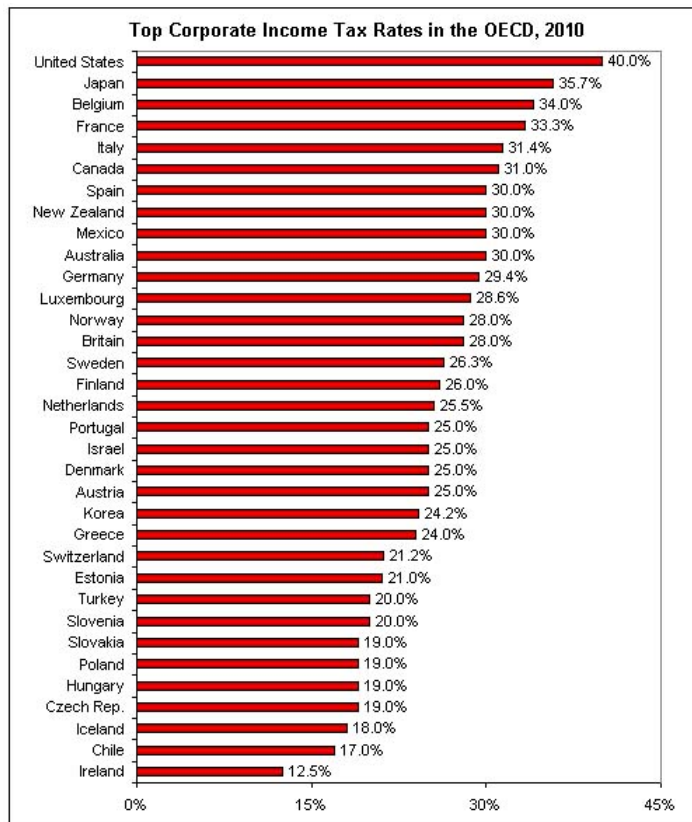
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The *New York Times* is reporting that Japan is planning to cut its corporate income tax rate to bolster a struggling economy:

Companies have urged the government to lower the country's effective corporate tax rate — which now stands at 40 percent, around the same rate as that in the United States — to stimulate investment in Japan and to encourage businesses to create more jobs.

Lowering the corporate tax burden by 5 percentage points could increase Japan's gross domestic product by 2.6 percentage points, or 14.4 trillion yen (\$172 billion), over the next three years, according to estimates by Japan's Trade Ministry.

This leaves the United States with the highest corporate income tax rate, including state rates, of any nation in the Organization for Economic Cooperation and Development.



Dan Mitchell notes:

The U.S. corporate tax rate of nearly 40 percent (including state corporate burdens) already is far too high, particularly since America adds to the competitive disadvantage of U.S.-domiciled firms by being one of the few nations to impose an extra layer of tax on foreign-source income. Japan's proposed rate reduction, however, means the high tax rate in America will be an even bigger hindrance to job creation.

It's also worth noting that the average corporate tax rate in Europe has now dropped to less than 24 percent, so even welfare states have figured out that a high tax burden on business doesn't make sense in a competitive global economy.

Sometimes you can fall farther behind if you stand still and everyone else moves forward. That's a good description of what's happening in the battle for a pro-growth corporate tax system. By doing nothing, America's self-destructive corporate tax system is becoming, well,

even more destructive.

We complain about jobs going overseas, but it's hard for us to be competitive with other nations when have very unfriendly policies towards businesses.

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
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