AMERICANS FOR TaxFairness

CORPORATE TAX REFORM PRINCIPLES

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For a better future, elected leaders must make sure that the wealthy and big corporations pay their fair share of taxes. This will allow us to generate the revenues needed to ensure economic security for families and seniors and to make investments in education, energy, roads and research needed to grow the economy and create jobs. Lawmakers must also make permanent the improvements in critical tax credits that can lift people out of poverty, incentivize work and give more people a chance to join the middle class.

Special-interest tax breaks let many big corporations pay well below the 35 percent tax rate. Loopholes let some profitable corporations pay less in federal income taxes than a single middle-class family pays. Our tax system encourages corporations to abandon their responsibility to America by lowering their taxes when they shift jobs and profits offshore.

To create a system that promotes tax fairness while helping working families and Main Street businesses, Americans for Tax Fairness proposes the following corporate tax reform principles:

1. Corporations need to pay their fair share of taxes.

- Corporate tax reform must raise significant revenue over the long term to pay for services and investments that benefit our families and communities. "Revenue neutral" reform that closes loopholes to pay for lower corporate tax rates is not acceptable.
- Corporations have not contributed a dime to deficit reduction. Yet, since 2010 the rest of us have suffered from cuts of $2.5 trillion (over 10 years) to services we rely on in order to reduce the deficit.
- Cost estimates of corporate tax reform must be honest and realistic and not use funny math and timing gimmicks, such as dynamic scoring and manipulated baselines.

2. Our tax system should not encourage corporations to shift jobs or profits offshore.

- Offshore profits should not be taxed at a lower rate than domestic profits because this creates an incentive for companies to move production offshore and to disguise domestic profits as offshore profits. This gives multinational corporations an unfair edge over small businesses and domestic companies.
- The tax break that allows corporations to indefinitely defer U.S. taxes on their offshore profits should be repealed. "Deferral" allows corporations to pay lower taxes when they move operations offshore and when they disguise domestic profits as offshore profits.
- The U.S. must *not* adopt a "territorial" tax system, in which U.S. companies would pay little or no U.S. taxes on their offshore profits. Such a system would only increase the tax incentives for U.S. companies to shift jobs and profits offshore.

- The $2 trillion in untaxed profits that corporations have already accumulated offshore should not be treated in a way that gives corporations an incentive to shift jobs or profits offshore in the future, such as through a repatriation tax holiday.

3. **Our tax system should discourage financial speculation and encourage corporations to make long-term investments in their companies and to increase wages as productivity and profits rise.**
   - A small tax should be levied on financial transactions to rein in Wall Street speculation, encourage productive long-term corporate investment, and generate significant revenue for public investment.
   - A small tax should be levied on the largest financial firms with the most debt to discourage behavior that increases the risk of another financial crisis.
   - The tax deductibility of executive "performance pay" (such as stock options and bonuses) should be eliminated. This tax break has boosted executive pay and incomes of the 1 percent while increasing pressure on corporations to maximize short-term stock prices. This encourages lower wages, downsizing, outsourcing, and offshoring.