



HOW TO MAKE

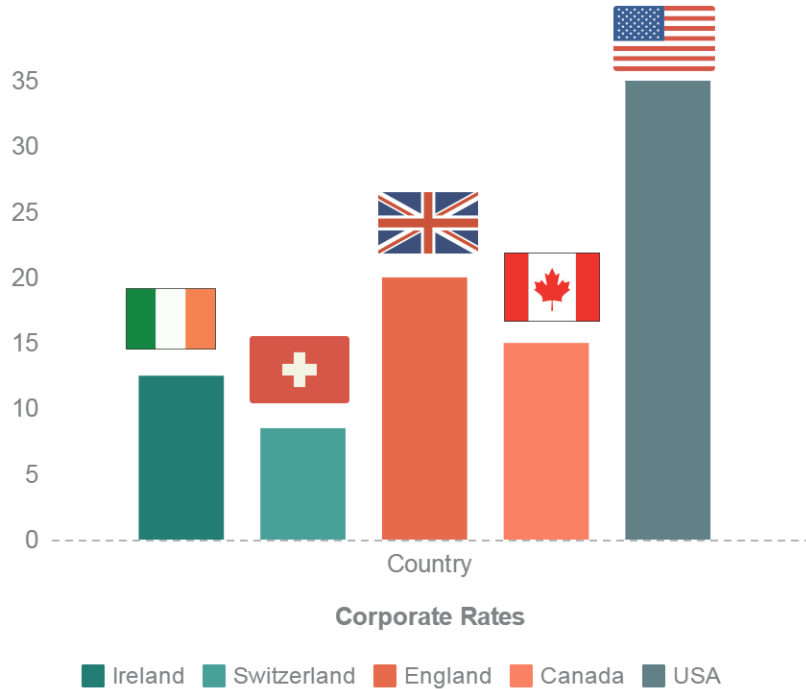


**THE US TAX SYSTEM THE MOST
COMPETITIVE IN THE WORLD?**



CORPORATE TAX RATES

THE UNITED STATES HAS THE THIRD HIGHEST CORPORATE TAX RATE IN THE WORLD. ONLY CHAD AND UAE ARE HIGHER.



Legend: Ireland (dark teal), Switzerland (medium teal), England (orange-red), Canada (light orange), USA (dark grey-blue)

PROBLEMS WITH CORPORATE TAXATION

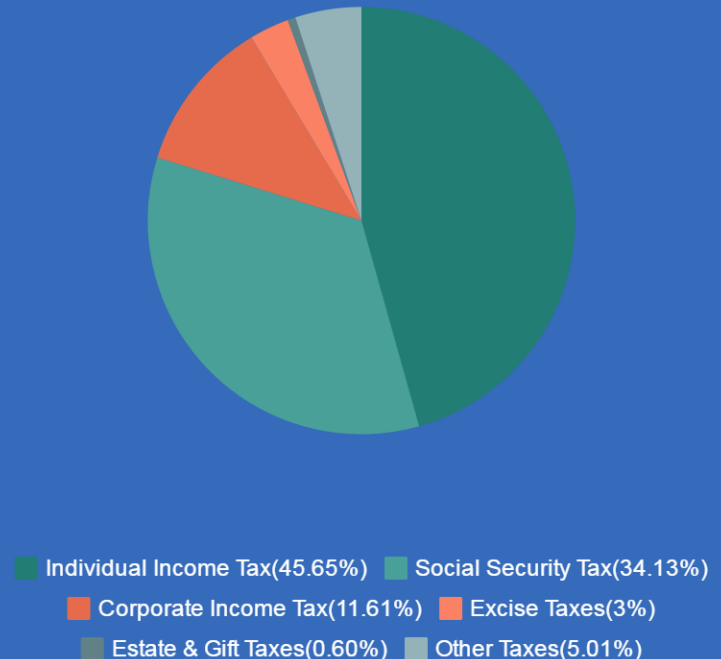
You can't tax a corporation;
you can only tax a person.

The corporate income tax
encourages firms to waste
resources on tax avoidance.

Eliminating the corporate
income tax is a form of
corporate integration that
would allow us to eliminate
the special treatment for
dividends and capital gains.

The corporate income tax
doesn't raise that much
money.

Federal Revenue by Source



BUSINESS TAX REFORM

Zeros Corporate Rate:

SATS Plan of 2016: Repeals corporate income tax & replace with 7% business activity tax. The business activity tax operates like a credit-invoice VAT which means its a tax on specific goods & services, not on the entity.

Greater Parity in Tax Treatment of Larger & Smaller Businesses:

SATS Act of 2016: All businesses able to check box to take advantage of 0% corporate rate (encourages, but does not compel, businesses to incorporate).

Encouragement of Investment to Grow Jobs & Internationally Competitive:

SATS Act of 2016: With 0% corporate rate, provides most desirable environment to do business within the OECD and the world.

Simpler & Fairer:

SATS Act of 2016: With repeal of corporate income tax, all businesses can be subject to same rate of taxation; on individual side, creates a low 2 tier-structure for over 99.9% of American taxpayers. By treating ordinary income & capital gains the same, removes incentive for game-playing.

INDIVIDUAL TAX REFORM

Lower Rates and Consolidates Brackets:

SATS recognizes that business tax reform can't exist in a vacuum. To that end, SATS reduces individual rates across the board and simplifies the individual tax system for all filers. SATS slashes rates, consolidating seven marginal brackets into three: 10, 25, and 35 percent. For single filers, the 10% bracket is expanded more than five-fold, up to \$50,000 for single filers and \$100,000 for joint filers. The 25% bracket extends to \$750,000 and \$1,500,000 for single and joint filers, respectively.

Simplification:

First, since a substantial majority of households will take advantage of the generous standard deduction, SATS eliminates all itemized deductions except two, charitable contributions and mortgage interest up to \$500,000 of debt. Further, SATS repeals the alternative minimum tax. Thus, individuals will no longer have to compute their income under two different tax systems and by repealing the corporate income tax, it obviates the need to treat capital gains and dividends differently from ordinary income.

Helping Low Income Earners:

SATS retains the Child Tax Credit in its current form, and substantially increases the Earned Income Tax Credit: 100 % for childless workers and 40% for all others.

FEEDBACK AND COMMENTS

Rep. Renacci and his office desire that this plan be the beginning of a conversation on a bold, pro-growth comprehensive tax reform model. Therefore, we request feedback from taxpayers. While we welcome comments that identify problems, we are especially grateful for ones that also propose solutions.

Please Provide Comments:

TaxReform.Renacci@mail.house.gov

Plan Details:

<http://renacci.house.gov/simplifying-americas-tax-system>

