Most Americans associate April with filing their taxes, so this month I’ll be writing a series of posts that take a close look at the tax code and why we need to reform it. In this first post, I outline the U.S. Chamber’s tax reform principles.

First, we need comprehensive reform that addresses both the individual and corporate codes at the same time. By lowering rates for both corporations and businesses that operate as partnerships, S corporations, or sole proprietorships, we make sure everyone has the best chance to compete and win.

Second, we must shift to a territorial system of taxation. Currently, we employ a worldwide system of taxing income, which potentially subjects overseas income to double taxation. As I have noted before, we are the last major industrialized country to do this. Having the world’s highest corporate tax rate AND being the only major industrialized country with a worldwide tax system? It’s not competitive or cool.

Third, we need appropriate cost recovery rules. When someone invests in a business and buys a capital asset, they should be able to recoup the cost of that asset as quickly as possible so that
they can deploy that capital as effectively as possible in other areas of their business, such as creating jobs.

Fourth, we should make changes to the tax code permanent – to avoid uncertainty that can paralyze business and investment decisions. And we think tax reform should happen sooner rather than later. Further, Congress should not make any adverse changes to the tax code in the interim – no making it worse than it already is!

Fifth, Congress should enact simple, predictable, and easy-to-understand reform to make complying with the code much easier. No one starts a business because they want to spend days or weeks figuring out how to do their taxes.

Sixth, tax reform shouldn’t pick winners or losers – it should allow the marketplace, not the tax system, to allocate capital and resources.

Finally, we want appropriate transition rules – a roadmap for how to get from here (our current system) to there (our new system). We want the transition to be as smooth and as easy to implement as possible so businesses can do what they do best – compete and win.