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GOALS / PRINCIPLES OF CORPORATE TAX REFORM

I. Broadest Goals/Principles

A. Equity

In the context of business taxes, the central concern is for horizontal equity, that is, that similarly situated taxpayers receive equivalent tax treatment. This principle is often described in shorthand as providing “a level playing field.”

B. Economic Efficiency

Efficiency in a tax system requires that the distortion of economic behavior and decision making inherent in any tax or subsidy be kept at a minimum. Generally, this dictates that taxes be imposed upon a broad base at the lowest rates possible consistent with revenue needs.

C. Simplicity

Simplicity furthers a variety of the other features of a sound tax system. Simplicity makes compliance and administration easier, helps minimize economic distortion, and promotes both fairness and public perceptions of fairness.

D. Ease of Compliance and Administration

Ease of compliance reduces the filing burdens on taxpayers and improves voluntary compliance. Ease of administration allows the revenue agency to maximize the efficient use of its resources in carrying out its functions.

E. Reliability/Stability

The tax system should provide sufficient revenue to fund the functions of government in a stable and predictable manner.

F. Economic Competitiveness

The tax system (coupled with the governmental services provided) should provide a favorable foundation for sustained economic growth.

II. Specific Goals

- Merge Article 32 into Article 9-A
- Allocate income based on single receipts factor using customer sourcing
- Adopt full water's edge unitary method with ownership requirement of more than 50%
- Do away with the separate treatment of subsidiary capital and income; narrow the current definition of investment capital.
- Eliminate special provisions to the extent possible
- Maintain an alternative tax to serve as a backstop to the entire net income base
- Couple base broadening with significant rate reduction