

# TEF NEWS RELEASE

## TAXPAYER EDUCATION FOUNDATION

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## **BIDEN'S PLAN WOULD MAKE U.S. COMBINED CORPORATE RATE WORLD'S HIGHEST!**

A study released on March 31, 2021 by the nonpartisan, Washington-based Tax Foundation on Pres. Biden's so-called "Infrastructure Plan" showed that, if passed, the legislation would make the U.S. corporate rate the highest in the world.

"The detailed analysis by the Tax Foundation revealed some truly frightening facts," said Jim Tobin, president of Taxpayer Education Foundation (TEF).

The plan would, among other things:

- Increase the federal corporate tax rate from 21 percent to 28 percent.
- Impose a 15 percent minimum tax on corporate book income, which would be levied on a firm's financial profits instead of taxable income for firms with revenue over \$100 million.
- Repeal the Foreign-Derived Intangible Income (FDII) deduction, which incentivizes firms to move intellectual property (IP) into the U.S.
- Eliminate certain deductions and credits for the fossil fuel industry.

"This is a recipe for disaster," said Tobin.

In the words of the Foundation, "The tax proposals in the American Jobs Plan (Biden infrastructure plan) rely on mistaken assumptions about how corporate taxes work, how corporations respond, and how workers are affected."

An increase in the federal corporate tax rate to 28 percent would raise the U.S. federal-state combined tax rate to 32.34 percent, higher than every country in the OECD, the G7, and all our major trade partners and competitors including China. This would harm U.S. economic competitiveness and diminish our role in the world, declared the Foundation.

The foundation added, "Raising the federal corporate tax rate 7 percentage points would reduce the after-tax rate of return on corporate investment in America, resulting in less investment, less productivity, fewer jobs, and lower wages."

Source: <https://taxfoundation.org/biden-infrastructure-american-jobs-plan>