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Frequently Asked Questions: U.S. Corporate Taxes and Tax Reform

Q: Why all the talk about corporate taxes?

There's currently bipartisan agreement that the corporate tax code is ripe for reform.

- **In fiscal 2013 corporations took advantage of 75 tax breaks, costing the federal government around \$108 billion.** That's as large as federal spending on education *plus* scientific research.
- Many reformers are targeting the largest of those loopholes, which allows corporations to delay or avoid paying taxes on profits made outside the country. This tax break – called *deferral* – **cost the government about \$42 billion in 2013, and \$236 billion over the past five years.**

Q: I'm hearing about tax reform in the news. What exactly *is* tax reform?

Tax reform generally has three objectives – though not everyone who supports reform supports all three:

1. Make the tax code **more efficient** by simplifying tax laws and reducing loopholes.
2. Raise **sufficient revenue** to fund popular federal programs – ranging from education and scientific research to infrastructure repairs – thereby preventing the need for budget cuts.
3. Make the tax code **fairer** by ensuring that wealthy taxpayers pay higher rates than middle-class taxpayers, which is often not the case currently.

Q: But why should I care about tax reform?

Whether it's natural disaster preparedness, early-childhood education, meals on wheels for seniors, clean water and air, repairs to roads and bridges, or veterans benefits, taxes fund programs on which you and your community rely. **Tax reform should ensure that our government raises enough revenue to provide services that, according to opinion polls, citizens overwhelmingly value.**

Q: Is tax reform only about corporate taxes?

Currently reformers are focused on corporate taxes. **Yet the individual income tax code is also rife with costly and complicated tax breaks, including those that disproportionately benefit the wealthy.** Ten major tax breaks which together total more than \$750 billion in tax savings in 2013 are tilted heavily in favor of the top income earners; according to the Congressional Budget Office, 17 percent of the benefits from major tax breaks go to the top 1 percent of households. **Changes to the individual income tax code could raise substantial revenue and reduce budget deficits**, as was the case with the sunset of some of the upper-income Bush-era tax cuts in [December 2012](#).

More information: <http://bit.ly/corptaxreform>

Sources: <http://bit.ly/npptaxsources>