

A BETTER WAY TO DO TAX REFORM

By the Numbers

SIMPLE, FAIR “POSTCARD” TAX FILING

1	Wage and compensation income	1	
2	Add 1/2 of investment income	2	
3	Subtract contributions to specified savings plans	3	
4	Subtract standard deduction OR	4	
5	Subtract mortgage interest deduction	5	
6	Subtract charitable contribution deduction	6	
7	Taxable income	7	
8	Preliminary tax (from tax table)	8	
9	Subtract child credit	9	
10	Subtract earned income credit	10	
11	Subtract higher education credit	11	
12	Total tax	12	
13	Subtract taxes withheld	13	
14	Refund due / taxes owed	14	

A plan to reform our tax code so it promotes economic growth and opportunity is the sixth plank of A Better Way—a bold agenda to tackle some of our country’s biggest challenges.

47

This plan includes at least 47 ideas to reform our tax code, grow the economy, and make the IRS work for taxpayers. The basis of our plan focuses on three principles: simplification, growth, and IRS reform.

70,000

While the IRS code itself runs 2,600 pages, the entirety of federal tax law spans a whopping 70,000 pages. That’s almost triple the amount of bureaucratic red tape since we last reformed the code in 1986. Our plan simplifies that code so that most Americans can file their taxes on a form the size of a postcard.

20%

20%. At 35%, our corporate tax rate is the highest in the developed world. This tax burden is driving businesses out of our country. In 1960, 17 of the 20 largest global companies were headquartered in the United States. As of 2016, that number has dropped to just 6. Our plan lowers the corporate tax rate to a more globally competitive level of 20%.

6

A pro-growth tax code only works if it’s administered by an IRS working in the best interest of taxpayers. In recent years, agency leadership has failed the very people it purports to serve. The new, customer service-focused IRS will be led by a commissioner limited to six years in office, or two three-year terms.

30

It’s been nearly 30 years since we last updated our tax code. The world has dramatically changed over the past three decades, but our tax system has gone unchanged. Our plan offers a 21st century built for real economic growth and opportunity.

\$150,000,000,000

An independent watchdog found that, over an 11-year period, the IRS paid out nearly \$150 billion in erroneous Earned Income Tax Credit (EITC) claims. Our plan works to reform the EITC to reduce fraud and erroneous payments, which will also decrease as a result of simplifying the code.

3

Today, there are seven different regulator tax brackets for individuals, with a top rate of 39.6% for the highest earners. In order to simplify the code, our plan consolidates the current seven brackets into three brackets, and also lowers the top individual income tax rate to 33%.

100%

The existing U.S. international tax regime has led to trillions of dollars in foreign earnings of American companies being effectively stranded overseas. Our plan will replace the existing outdated worldwide tax system with a 100% exemption for dividends from foreign subsidiaries. This will help our companies compete in the global marketplace on an equal footing.