



Increasing Taxes—Bad for Jobs and the Economy

Our nation's foremost domestic priority must be creating private sector jobs in order to sustain a long-term economic recovery. The U.S. Chamber is committed to pro-growth tax policies that provide the foundation for economic expansion, reward capital formation and investment, and preserve America's global competitiveness. We are opposed to tax increases that fuel the growth of government at the expense of businesses' ability to expand, invest, and create private sector jobs.

For small businesses, most are organized for income tax purposes as pass-through entities that pay taxes at their personal marginal income tax rates. While small business owners pay personal income taxes on the profits, the reality is that only a portion of the income generated by their businesses actually makes its way back to their personal bank accounts. Much of the income small business owners are being taxed on is actually reinvested in their companies in the form of expansion and new equipment. Raising the individual federal income tax rates directly impacts their ability to create jobs and help expand the economy.

In these fragile economic times, it would be the height of economic folly to target business—or any group of Americans—for a major tax increase.

Preventing Significant Increases on American Business

- Successful small business proprietors could see their taxes rise under the administration's budget proposal (taxpayers earning over \$250,000 (married) and \$200,000 (single)). The proposal would:
 - Reinstating the 36% and 39.6% rates.
 - Reinstating the personal exemption phase-out and limitations on itemized deductions.
 - Imposing a 20% rate on capital gains and dividends. The passage of health care legislation will add an additional 3.8% starting in 2013 bringing the total to 23.8%.
 - Limiting the tax rate at which itemized deductions reduce tax liability.

The U.S. Chamber's Pro-Growth Tax Agenda

- The U.S. Chamber's pro-growth agenda urges Congress and the administration to enact policies that bring tax rates in line with our global competitors and make compliance simpler and easier:
 - Prevent a complete rollback of the 2001 and 2003 tax cuts, including preventing the "death tax" from surging to pre-2001 levels.
 - Eliminate, or substantially reform, the alternative minimum tax (AMT) to protect a growing number of individuals and businesses, including more people in the middle class.
 - Retool the corporate tax structure to reduce what is one of the highest marginal corporate income tax rates in the developed world. Reducing corporate tax rates will stimulate economic recovery and attract foreign and domestic investment, which will create American jobs.
 - Reduce the budget deficit through higher economic growth, spending restraint, and entitlement reform—not higher taxes.
 - Provide certainty and predictability in the tax code by making permanent the R&E tax credit and other annually expiring business tax incentives.