

Miller & Chevalier Chartered and the National Foreign Trade Council Announce Results of the Ninth Annual Tax Policy Forecast Survey

Little hope for reform before 2017; respondents increasingly concerned with U.S. global competitiveness

03.09.2015

Washington, DC, March 9, 2015 -- Tax reform remains a top priority for the business community, but tax executives are not optimistic they'll see a bill reach President Obama's desk this year, according to the 2015 Tax Policy Forecast Survey, released today by Miller & Chevalier Chartered and the National Foreign Trade Council (NFTC).



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In last year's survey, a majority (71 percent) of respondents said that Republican control of both the House of Representatives and the Senate would tip the scales in favor of tax reform in 2015. But while the November elections brought that political change, our respondents now expect the stalemate between Congress and the White House to sink the chances for meaningful tax reform this year and next. While newly minted tax-writing-committee chairmen Rep. Paul Ryan (R-WI) and Sen. Orrin Hatch (R-UT) have both said they consider tax reform a top priority, our respondents believe the administration will halt any and all congressional action.

However, for the first time in years, respondents do see a glimmer of hope on the horizon. Almost half (49 percent) say that tax reform will be enacted in 2017 -- after the next presidential election. If and when tax reform does happen, 53 percent of respondents believe the most important issue to address will be the high statutory tax rates.

"The business community tells us that the high U.S. statutory tax rates are a major drag on international competitiveness relative to foreign-based businesses, and serve as a signature barrier to the U.S. as an investment location," said Miller & Chevalier member Marc Gerson, former majority tax counsel to the House of Representatives Committee on Ways and Means. "Further, their concern surrounding revenue offsets appears well-founded in light of the large number of revenue offsets that have been proposed in the context of tax reform proposals, as well as the number of new revenue offset proposals in President Obama's fiscal year 2016 budget plan. Additionally, in an increase of almost 10 percent from last year, nearly a quarter of respondents have told us that taxation of international operations is their highest U.S. concern in 2015."

"Given the survey results, it is clear that tax reform will continue to be a top priority for the business community," said Catherine Schultz, vice president for tax policy at the NFTC. "It is also clear that unless the administration is willing to become fully engaged, and shows a willingness to compromise with the GOP-led tax-writing committees, the chances for tax reform before the next

presidential election look increasingly dim. International tax pressures are making it more difficult for multinational businesses to compete globally. Without a more competitive tax system, it will be harder for the U.S. to attract foreign direct investment, and for American companies to compete on a level playing field."

Survey Highlights

- Businesses are concerned that policymakers may seek to enact revenue offsets without adoption of a competitive tax system and/or competitive tax rates. More than one-quarter (28 percent) of respondents cited the enactment of such revenue offsets in that context as their top tax concern.
- High statutory tax rates in the U.S. still weigh heavily on businesses. A majority (53 percent) of respondents cited it as the most pressing issue that should be addressed through tax reform.
- Even with a Republican majority, this Congress appears headed to a stalemate on tax reform, according to respondents. When asked how far they expect tax reform to go in the Senate and the House, respondents said they expected to see only "discussion drafts" in the next year.
- In lieu of tax reform, businesses are relying, yet again, on tax extenders to be kept in place for 2015, as 69 percent of respondents confirmed that extenders are the only "sure thing" in tax legislation they expect will pass this year.

About Miller & Chevalier

Founded in 1920, Miller & Chevalier is a Washington, DC, law firm with a global perspective and leading practices in Tax, Employee Benefits (including ERISA), International Law and Business, White Collar and Internal Investigations, Complex Litigation and Government Affairs. In an era of big law, Miller & Chevalier is a top-ranked firm sharply focused on targeted areas that interact with the federal government. Over the past three years, the firm's lawyers have represented more than 40 percent of the Fortune 100, one-quarter of the Fortune 500 and approximately 30 percent of the Global 100. Based in Washington, DC, a significant number of firm lawyers have held senior positions in the U.S. government and have written many of the regulations they currently help clients navigate. For more information on the firm, visit www.millerchevalier.com.

About the National Foreign Trade Council

The National Foreign Trade Council (www.nftc.org) is a leading business organization advocating an open, rules-based global trading system. Founded in 1914 by a broad-based group of American companies, the NFTC now serves hundreds of member companies through its offices in Washington, DC, and New York.

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