



# News Release

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**MILLER & CHEVALIER ANNOUNCES RESULTS OF TAX POLICY FORECAST SURVEY**  
*Respondents Call for Comprehensive Overhaul of the Current Tax Structure;  
Rate Tax Platforms of Presidential Candidates*

**Washington, D.C., February 4, 2008** – Miller & Chevalier Chartered today announced the results of their 2008 Tax Policy Forecast Survey measuring the current perspectives and attitudes of leading corporate tax executives on the direction of tax policy in the coming year. The results reflect an opinion that outside of a one-year alternative minimum tax (“AMT”) “patch” and a one-year extenders package, business leaders expect a very quiet year on the legislative front.

“Respondents to our survey hope that 2008, if not an active year in terms of new legislation, will be a year of useful debate on comprehensive tax reform,” said Miller & Chevalier attorney Marc Gerson, former Majority Tax Counsel to the U.S. House of Representatives Committee on Ways & Means. “However, even in the context of a limited tax agenda, the business community is still concerned about the use of revenue raisers that affect business interests. Projecting forward, respondents are calling for greater simplification, a lower corporate tax rate and international tax policies that will help their companies stay more competitive in the global business environment.”

Survey respondents named management of the effective tax rate and FIN 48 issues as two of their top business tax concerns in 2008, indicating that corporate tax executives are spending an increasing amount of time on financial reporting matters.

Respondents overwhelmingly believe there is a need for a comprehensive overhaul of the current tax structure, indicative of the ongoing debate on tax reform and simplification. In exchange for a lower corporate tax rate, many respondents indicated they would be willing give up other deductions and credits. The responses suggest that more tax professionals in these companies may view statutory rate reduction as a more effective means of lowering their effective tax rates.

“The survey appears to reflect an attitude of an increasing number of tax professionals in major U.S.-based companies who believe that they are losing ground in competing with foreign-based companies. They seem to also believe their situation could get worse because the IRS is likely to become more aggressive in its examination of their U.S. tax returns – directly impacting the area of their biggest concern, the management of their effective tax rate,” said Phillip Mann, Miller & Chevalier attorney and former Tax Legislative Counsel at the U.S. Treasury Department.

“To make rate reduction a reality, the survey suggests that these professionals may be willing to give up tax benefits in the form of deductions and credits, provided their overall effective U.S. federal income tax rate goes down. If these attitudes become sufficiently widespread in the corporate community and similar attitudes develop among a large group of individual taxpayers, the stars could align today, as they did before the passage of the Tax Reform Act of 1986, to provide the momentum for broad-based tax reform,” added Miller & Chevalier attorney and former IRS Commissioner Lawrence Gibbs.

## **Survey Highlights**

In January, Miller & Chevalier distributed the survey via e-mail to leading tax and finance executives at a broad cross-section of large U.S.-based and foreign-based multinational corporations and major trade associations. The survey was completed by 165 respondents who provided opinions on the impact of the upcoming Presidential election, tax legislation likely to be enacted in 2008, and revenue sources. Some survey highlights include:

- Republicans and Democrats alike view **Mitt Romney** as the candidate to have the **most favorable tax policy** for business income whereas **John Edwards and Hillary Clinton** are viewed to have the **least favorable tax policy** for business income.
- Respondents named management of the effective tax rate (28%) and FIN 48 issues (21%) as two of their **top business tax concerns in 2008**, indicating that corporate tax executives are spending an increasing amount of time on financial reporting matters.
- Respondents believe a one-year AMT patch (84%) and a one-year extenders package (68%) are the most likely pieces of tax legislation to be enacted in the coming year. **Thus, apart from legislation extending current law, respondents do not expect an active tax agenda in Congress in 2008.**
- Respondents believe **Congress is likely to increase taxation** of hedge funds and other investment vehicles (68%), codify the economic substance doctrine (63%) and increase the taxation of international operations (59%) in order to fund its tax agenda in 2008.

### **Implications of the Presidential Race**

With the ongoing Presidential primary elections, the business community expects the candidates and Congress to debate tax policy issues, including the potential for proposals that reduce or increase business-related taxes.

Republicans and Democrats both view Mitt Romney as the candidate likely to have the most favorable tax policy for business. Of those respondents identified as Democrats, 50% said John Edwards would have the least favorable tax policy for business, followed by Mike Huckabee and Barack Obama at 13% each. Of those respondents identified as Republicans, 36% said John Edwards would have the least favorable tax policy for business, followed by Hillary Clinton with 33%.

When it comes to their election-year tax platforms, respondents believe the Presidential candidates will talk about plans for AMT relief (68%), comprehensive tax code reform (62%), and extension of the Bush tax cuts (42%). Not surprisingly, these are all issues of concern primarily to individual voters, rather issues of concern to the business community.

For a full copy of the survey results and analysis, please contact Laura Miller at (312) 252-4104 or visit [www.millerchevalier.com](http://www.millerchevalier.com).

### **About Miller & Chevalier**

Founded in 1920, Miller & Chevalier is a Washington, D.C. law firm with leading practices in tax; benefits, including ERISA; federal healthcare programs; white collar; federal procurement fraud; international; and related litigation. Because of its specialized experience, the firm's clients trust Miller & Chevalier to provide solutions to their most complex problems in these areas and to help them navigate successfully through all stages of issue resolution. For more information on the firm, visit our website at [www.millerchevalier.com](http://www.millerchevalier.com).

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