TAX POLICY FORECAST SURVEY

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Miller Chevalier

Miller & Chevalier Chartered

Executive Summary

Although Congress and the Administration continue to focus their attention on health care reform and the continuing economic downturn, the business community can expect that there will be a significant focus on tax policy issues in 2010, including the potential for the consideration and enactment of proposals that increase the corporate tax burden.

To better assess how changing tax policy will impact the business community, **Miller & Chevalier's 2010 Tax Policy Forecast Survey** was designed to measure the current perspectives and attitudes of leading corporate tax executives on the direction of tax policy in 2010. This follow-up to Miller & Chevalier's 2007, 2008 and 2009 Tax Policy Forecast Surveys included respondents from a broad cross-section of large U.S.-based multinationals, foreign-based multinationals and major trade associations.

Respondents to the fourth annual survey say that even more than last year, they are most concerned about policies impacting the U.S. tax treatment of their international operations. Additionally, they believe the Administration is the real driver on tax policy, with significantly more influence than Congress.

Highlights of Miller & Chevalier's 2010 Tax Policy Forecast Survey include:

- Respondents name U.S. taxation of international operations (40 percent) and management of the effective tax rate (37 percent) as their **top two business tax concerns in 2010**.

- Seventy-seven percent of respondents think economic stimulus will be a tax policy priority of the Obama Administration in 2010, 48 percent think extension of expired provisions will be a priority and 40 percent think energy legislation will be a priority.

- Respondents overwhelmingly believe there is a need for a **fundamental reform of the current tax system**, but only two percent think such reform is likely in the coming year. Seventy-three percent believe this is a result of competing legislative priorities and 68 percent believe that the pending mid-term elections will stand in the way of significant tax reform.

- An increase in the U.S. taxation of international operations (74 percent), increased taxes on capital gains, dividends and interest (67 percent) and codification of the economic substance doctrine (61 percent) are named as the leading tax revenue sources to be tapped to fund Congressional initiatives in 2010.

- Two-thirds of respondents believe that the 2009 "extenders" package will be enacted into law in 2010.

- Forty percent of respondents think the Obama Administration's priorities will have the most significant impact on tax policy in 2010, and **46 percent believe President Obama is the individual who will have the most significant impact on tax policy in 2010.**

Verbatims

Respondents were asked to share their thoughts on legislative tax issues in an open forum for comment and feedback. The following represent select verbatims received from survey respondents.

What tax issues are you most concerned about in 2010?

- *Healthcare legislation has so much opportunity for pernicious taxation, and it is still too early to know how it will play out.*
- *Balancing the federal budget / growing deficit; ultimately someone has to pay for it.*
- *The possible extension of the failed "1960's" Capital Export Neutrality (CEN) tax policies which promote the immediate worldwide taxation of foreign earnings when the rest of the relevant tax world has adopted a reasonable territorial tax system. CEN when coupled with an uncompetitive tax rate and definitions of tax base produce a P&L and cash flow disadvantage that will slowly put U.S. global companies out of business both abroad and at home.*
- *Misguidedly targeting "out of favor" industries with tax legislation without concern for the economic impact. I believe energy tax legislation and funding of health care reform will fall into these categories.*
- *International tax reform and its impact on global competitiveness.*
- *Making the Code more complicated and less fair by targeting certain industries (and even entities) for tax increases and others for tax cuts based on politics and popularity. Raising taxes during a time of double-digit unemployment and low or no economic growth (tax changes with anti-stimulus effects). Uncertainty in what tax legislation will be enacted reducing incentives for investment, taking risk, and doing business.*
- *I am concerned that in its search for tax revenues, the Administration will expand tax bases, which is good tax economic policy, but will not have any latitude to reduce rates.*

Are there any specific changes you think should be made to the current tax structure for business income?

- *U.S. corporate rates should be lowered and a consideration given to changing to an exemption style territorial tax system, so that the U.S. corporate system more closely resembles the rest of our international competitors.*

- *There must be changes relating to companies that have a foreign source loss position, and there should be meaningful reduction to the tax rate to be competitive with the rest of the world.*

- *Reduce the corporate tax rate, but not if the base is broadened so much that corporate tax liabilities, especially from international operations, actually increase.*

- *Reduce the tax rate for corporations. Dividends are taxed, so there is no need for such a high rate on corporations.*

- *Eliminate the manufacturing deduction and reduce the tax rate.*

- *Income should not be taxed at the corporate level. Tax rates should be much lower. Taxpayers should be able to rely on the Code (i.e., the economic substance doctrine should be abandoned). The Code should be simplified.*

- *Lower corporate rates to be more competitive with other countries' rates.*

- *Simplify it.*

2010 Tax Policy Forecast Survey Results

Respondents were asked to complete a short questionnaire designed to measure their thoughts and perspectives on the direction of tax policy for business in 2010. The following charts represent the collective input of 128 respondents to the survey. A full overview of the survey methodology can be found at the end of this report.

1. What is your top business tax concern for the coming year?		
Responses	**%**	**Percentage of total respondents**
Financial statement disclosure issues ("FIN 48")	11.11%	
Taxation of international operations	39.68%	
Research and experimentation and other tax credits	3.17%	
Employee benefits and executive compensation	9.52%	
Management of effective tax rate	36.51%	
Total Responses		**20% 40% 60% 80% 100%**

- For the first time in the survey's history, the U.S. taxation of international operations (40 percent) tops the list of business tax concerns. This concern seems well-founded in light of the international focus in the FY2010 and FY2011 Obama Administration budget proposals.

- Management of the effective tax rate (37 percent) continues to be a key concern of respondents, which is not surprising given that the United States currently has the second highest statutory corporate tax rate among OECD members, arguably making it challenging for domestic-based businesses to compete in the global marketplace.

- Several respondents are concerned that international tax proposals will be enacted on a piecemeal basis outside of a fundamental tax reform effort:
    - *Business tax increases should not be used to pay for programs or deficit reduction rather than to reduce the business tax rate. A rate reduction would (i) stimulate U.S. business and U.S. job creation, (ii) help make U.S. businesses more competitive with foreign companies, (iii) reduce pressure from transfer pricing and the use of deferral structures and (iv) reduce prices to consumers. The use of the corporate income tax to fund government (over) spending would generate none of those positive impacts, and would, in fact, harm the country.*
    - *I am concerned about increases in business taxes, especially international, to help reduce the deficit.*
    - *The revenue raisers in the Rangel bill are being implemented one by one, yet the promised reduction in rate is not materializing.*

- *I am concerned Congress will take a piecemeal approach to tax reform -- i.e., using international tax reform options proposed in the Administration's budget requests as revenue raisers to support unrelated spending instead of considering them in a broader context of tax reform designed to maintain the competitiveness of U.S. companies.*

➢ In 2009, respondents named management of the effective tax rate (40 percent) and U.S. taxation of international operations (22 percent) as their top two business tax concerns.

➢ In 2008, 28 percent of respondents said their top business concern was management of the effective tax rate followed by 21 percent of respondents who named FIN 48 issues and 21 percent who said U.S. taxation of international operations.

2. What will have the most significant impact on tax policy in 2010?		
Responses	**%**	**Percentage of total respondents**
Obama Administration priorities	40.16%	
Pending mid-term elections	11.02%	
Continued focus on the economic downturn	20.47%	
Global competitiveness issues	3.94%	
Federal budget deficit/PAYGO	24.41%	
Total Responses		**20% 40% 60% 80% 100%**

- Forty percent of respondents said the Obama Administration's priorities are driving tax policy, a theme which repeats itself throughout the survey.

- Surprisingly, only 11 percent of respondents believe the mid-term elections will have a significant impact on tax policy even though such elections typically mean a shorter and more politically-driven legislative agenda for the year.

- Fewer than five percent of respondents in 2009 said that budgetary concerns, including PAYGO rules, would have a significant impact on tax policy. As the budgetary situation has worsened and corporate taxpayers have seen the impact of the PAYGO rules on the tax agenda, concern has significantly increased to more than 20 percent of respondents.

Note: In 2009, options provided for this question were slightly different. Respondents were asked to select "election of President Obama," "increased Democratic majorities in the House and Senate," "economic downturn," "global competitiveness issues" or "federal budget deficit/PAYGO."

3. What will be the impact of the continued focus on the economic downturn on tax policy in 2010? (Please check all that apply.)		
Responses	**%**	**Percentage of total respondents**
Focus on economic stimulus legislation	48.82%	
Renewed interest in specific industry "bailout" legislation	7.87%	
Delay in tax reform legislation	46.46%	
Greater likelihood that the 2001 and 2003 Bush tax cuts will expire without being renewed or be significantly modified	55.91%	
Increase in business-related taxes	59.84%	
Total Responses		**20% 40% 60% 80% 100%**
Multiple answers per participant possible. Percentages added may exceed 100 since a participant may select more than one answer for this question.		

- In 2009, respondents said the economic downturn would result in a Congressional focus on economic stimulus (90 percent) and delay in tax reform legislation (47 percent). This year, respondents predict a continued focus on economic stimulus (49 percent) and a continued delay in tax reform legislation (46 percent).

4. What will be the Obama Administration's tax policy priorities in 2010? (Please check all that apply.)		
Responses	**%**	**Percentage of total respondents**
Middle class tax cuts	21.88%	
Economic stimulus	76.56%	
Specific industry "bailouts"	14.84%	
Global competitiveness	3.91%	
Fundamental tax reform	20.31%	
Extension of current law (AMT patch/"extenders" package)	48.44%	
Energy	39.84%	
Total Responses		**20% 40% 60% 80% 100%**
Multiple answers per participant possible. Percentages added may exceed 100 since a participant may select more than one answer for this question.		

- Questions three and four show a continued interest in economic stimulus but also a clear increase in concern regarding business taxes and potential changes to the Bush tax cuts. Outside of economic stimulus legislation (77 percent), respondents believe the President's tax agenda is likely to be dominated by extending expired provisions, with a very low chance of fundamental tax reform.

- In 2009, 71 percent of respondents said tax cuts for the middle class would continue to be a priority for the President, a platform central to his campaign.

- In 2008, respondents thought Congress would focus on AMT relief (81 percent), taxation of hedge funds and other investment vehicles (57 percent) and oversight and scrutiny of international operations (51 percent) in the coming year.

5. Which of the following business tax revenue sources do you believe will be among the leading sources tapped to pay for Congressional tax initiatives? (Please check all that apply.)		
Responses	**%**	**Percentage of total respondents**
Increased taxes on capital gains, dividends, and interest	66.67%	
Elimination or reduction of LIFO inventory benefits	49.21%	
Elimination or reduction of the domestic manufacturing deduction under Section 199	33.33%	
Increase in the taxation of international operations (e.g., reduction in foreign tax credits, elimination of deferral, elimination of "check the box" or transfer pricing changes)	73.81%	
Codification of the economic substance doctrine	61.11%	
Limitations on executive compensation	53.97%	
Other (please specify)	10.32%	
Total Responses		**20% 40% 60% 80% 100%**
Multiple answers per participant possible. Percentages added may exceed 100 since a participant may select more than one answer for this question.		

- Respondents believe an increase in the U.S. taxation of international operations (74 percent) is very likely in 2010, a recurring theme of the survey. This concern appears to be well-founded in light of the Obama Administration's FY2010 and FY2011 budget plans, which contain a number of proposals that would drastically increase the U.S. taxation of international operations.

- Almost double the number of respondents see codification of the economic substance doctrine (61 percent) as likely to be enacted this year compared to last year.

- In 2009, 66 percent of respondents said Congress would look at limitations on executive compensation as a leading revenue source, up from 44 percent in 2008. Sixty-nine percent of 2009 respondents believed an increase in the U.S. taxation of international operations was a likely revenue source.

- In 2008, 69 percent of respondents said the leading sources tapped to pay for Congressional initiatives would be an increase in the taxation of hedge funds or other investment vehicles (69 percent), codification of the economic substance doctrine (64 percent), an increase in the U.S. taxation of international operations (60 percent), and elimination or reduction of the domestic manufacturing deduction under Section 199 (58 percent).

- In 2007, respondents said the leading sources tapped to pay for Congressional initiatives would be codification of the economic substance doctrine (65 percent), increase in the U.S. taxation of international operations (62 percent), and elimination or reduction in the domestic manufacturing deduction under Section 199 (37 percent).

6. Which one of the following business tax revenue sources do you believe would have the most unfavorable impact on your business?		
Responses	**%**	**Percentage of total respondents**
Increased taxes on capital gains, dividends, and interest	14.29%	
Elimination or reduction of LIFO inventory benefits	10.32%	
Elimination or reduction of the domestic manufacturing deduction under Section 199	9.52%	
Increase in the taxation of international operations (e.g., reduction in foreign tax credits, elimination of deferral, elimination of "check the box" or transfer pricing changes)	48.41%	
Codification of the economic substance doctrine	3.17%	
Limitations on executive compensation	7.14%	
Other (please specify)	7.14%	
Total Responses		**20% 40% 60% 80% 100%**

- For the second year in a row, respondents are most concerned about a potential increase in the U.S. taxation of international operations (48 percent), which 74 percent named as likely in the previous question.

- Although 61 percent of respondents said in question five that codification of the economic substance doctrine is likely, just three percent name it as a top concern for their business. Such lack of concern may be based on the assumption that the application of the codified doctrine will be limited to aggressive “tax shelter”-type transactions. The scope of the codified doctrine’s application, however, may in fact be broader.

- In 2009, the revenue sources respondents said would have the most unfavorable impact on their businesses were an increase in the U.S. taxation of international operations (37 percent), elimination or reduction of LIFO inventory benefits (15 percent) and the elimination or reduction of the domestic manufacturing deduction under Section 199 (14 percent).

- In 2008, the revenue sources respondents said would have the most unfavorable impact on their businesses were an increase in the U.S. taxation of international operations (38 percent), elimination or reduction of the domestic manufacturing deduction under Section 199 (19 percent), and reduction of interest, rent or royalty deductions (13 percent).

- In 2007, respondents named increase in the U.S. taxation of international operations (28 percent), elimination or reduction of the domestic manufacturing deduction under Section 199 (21 percent) and reduction of interest, rent or royalty deductions (20 percent) as their top concerns.

7. In which of the following areas do you believe Congress will press for more IRS scrutiny of the tax returns of business taxpayers: (Please check all that apply.)

Responses	%	Percentage of total respondents
International business operations	77.17%	
Financial instruments and transactions	46.46%	
Withholding taxes on payments to foreign parties	45.67%	
Joint ventures and partnerships	13.39%	
Employee benefits and executive compensation, including stock options	48.03%	
Total Responses		**20% 40% 60% 80% 100%**

Multiple answers per participant possible. Percentages added may exceed 100 since a participant may select more than one answer for this question.

- Again respondents believe there will be a tax focus on international business operations (77 percent) when it comes to areas of IRS scrutiny.
  - This concern appears well-founded in light of IRS Commissioner Doug Shulman's recent announcement of a number of new international tax initiatives, including (i) development of a protocol to conduct joint audits with some U.S. treaty partners to ensure that corporations give the same information to both tax authorities, reducing opportunities for tax arbitrage, (ii) the establishment of a transfer pricing practice within the IRS's Large and Mid-Size Business Division to strategically and systematically administer transfer pricing issues, and (iii) the proposal to require large business taxpayers to disclose their uncertain tax positions on an annual schedule with their tax returns.

- Respondents think the IRS will look more closely at withholding taxes on payments to foreign parties than last year (46 percent in 2009, 38 percent in 2008). This increase is likely attributable to the recent designation of cross-border withholding as a Tier 1 issue of the highest strategic importance to the IRS's Large and Mid-Size Business Division, as well as increased IRS audit activity with respect to withholding tax issues raised with respect to certain financial products. In addition, there are a number of pending legislative proposals that, if enacted, would enhance the IRS's ability to audit withholding tax issues.

- In 2009, respondents said the IRS would press for more scrutiny of tax returns of business taxpayers with respect to international business operations (75 percent), financial instruments and transactions (69 percent) and employee benefits and executive compensation (60 percent).

- In 2008, respondents said the IRS would press for more scrutiny of tax returns of business taxpayers with respect to international business operations (72 percent), financial instruments and transactions (57 percent) and employee benefits and executive compensation (44 percent).

- In 2007, respondents said the IRS would press for more IRS scrutiny of tax returns of business taxpayers with respect to executive compensation (92 percent), international business operations (86 percent) and financial instruments and transactions (77 percent).

8. In which of the following areas do you believe foreign tax jurisdictions will more greatly scrutinize the tax returns of business taxpayers: (Please check all that apply.)		
Responses	**%**	**Percentage of total respondents**
Transfer pricing and permanent establishment issues	92.68%	
Financial instruments and transactions	26.83%	
Joint ventures and partnerships	18.70%	
Employee benefits and executive compensation, including stock options	8.13%	
Total Responses		**20% 40% 60% 80% 100%**
Multiple answers per participant possible. Percentages added may exceed 100 since a participant may select more than one answer for this question.		

- In 2009, respondents said foreign taxing jurisdictions would more greatly scrutinize the tax returns of business taxpayers with respect to transfer pricing and permanent establishment issues (90 percent), financial instruments and transactions (39 percent) and joint ventures and partnerships (24 percent).

- In 2008, respondents said foreign taxing jurisdictions would more greatly scrutinize the tax returns of business taxpayers with respect to international business operations (80 percent), financial instruments and transactions (39 percent) and joint ventures and partnerships (31 percent).

9. In which jurisdictions? (Please check all that apply.)		
Responses	**%**	**Percentage of total respondents**
Europe	92.44%	
Asia	57.14%	
Southeast Asia	24.37%	
Middle East	10.92%	
Central and South America	28.57%	
Mexico/Canada	47.06%	
Total Responses		**20% 40% 60% 80% 100%**
Multiple answers per participant possible. Percentages added may exceed 100 since a participant may select more than one answer for this question.		

- Of those who believe foreign taxing jurisdictions will more closely scrutinize business tax returns with respect to transfer pricing and permanent establishment issues, 94 percent think they will be scrutinized in Europe, 57 percent in Asia, 48 percent in Mexico and Canada, 25 percent in Southeast Asia, 29 percent in Central and South America, and 10 percent in the Middle East.

- Of those who believe foreign taxing jurisdictions will more greatly scrutinize business tax returns with respect to financial instruments and transactions, 94 percent think they will be scrutinized in Europe, 66 percent in Asia, 47 percent in Mexico and Canada, 41 percent in Southeast Asia, 31 percent in Central and South America, and 19 percent in the Middle East.

- Of those who believe foreign taxing jurisdictions will more greatly scrutinize business tax returns with respect to joint ventures and partnerships, 91 percent think they will be scrutinized in Europe, 55 percent in Asia, 55 percent in Mexico and Canada, 23 percent in Southeast Asia, 27 percent in Central and South America, and 23 percent in the Middle East.

- Of those who believe foreign taxing jurisdictions will more greatly scrutinize business tax returns with respect to employee benefits and executive compensation, 89 percent think they will be scrutinized in Europe, 89 percent in Asia, 22 percent in Southeast Asia, 67 percent in Mexico and Canada, 23 percent in the Middle East, and 44 percent in Central and South America.

10. What tax legislation do you expect to be enacted into law in 2010? (Please check all that apply)		
Responses	**%**	**Percentage of total respondents**
Economic stimulus legislation	55.12%	
Specific industry "bailout" legislation	11.81%	
2009 "extenders" package	66.93%	
2010 "extenders" package	42.52%	
One-year AMT "patch"	66.93%	
Education tax legislation	6.30%	
Energy tax legislation	39.37%	
Fundamental reform of the tax code	2.36%	
Codification of the economic substance doctrine	54.33%	
Estate tax legislation	49.61%	
No significant tax legislation	6.30%	
Other (please specify)	6.30%	
Total Responses		**20% 40% 60% 80% 100%**
Multiple answers per participant possible. Percentages added may exceed 100 since a participant may select more than one answer for this question.		

- Respondents believe the 2010 tax agenda will be dominated by extending expired provisions. Fewer respondents than last year believe economic stimulus and bailout legislation is likely in 2010 (economic stimulus: 97 percent in 2009, 55 percent in 2010; bailout 50 percent in 2009, 12 percent in 2010).

- The 2009 “extenders” package expired at the end of last year and would need to be extended retroactively. Approximately two-thirds of respondents believe passage of the package is likely in 2010.

- About half of all respondents think the economic substance doctrine is likely to be codified in 2010.

- As last year, a meager number of respondents believe fundamental tax reform is likely to be enacted (two percent in 2009 and 2010).

- In 2009, the tax legislation respondents most expected to be enacted into law were: economic stimulus legislation (97 percent), a one-year AMT patch (72 percent) and a one-year “extenders” package (62 percent).

- In 2008, the tax legislation respondents most expected to be enacted into law were: a one-year AMT patch (84 percent), a one-year "extenders" package (68 percent), and codification of the economic substance doctrine (38 percent).

11. In December 2009, the House of Representatives passed both an "extenders" package (providing a one-year extension of expiring provisions such as the research and experimentation credit) and an estate tax package. Neither package was acted on by the Senate, such that the "extenders" and estate tax expired at the end of 2009. If Congress enacts "extenders" and estate tax legislation in 2010, do you believe such legislation will be enacted on a retroactive basis (i.e. effective January 1, 2010)?		
Responses	**%**	**Percentage of total respondents**
Both the "extenders" package and estate tax legislation will be enacted retroactively	61.11%	
Neither the "extenders" package nor estate tax legislation will be enacted retroactively	3.17%	
Only the "extenders" package will be enacted retroactively	27.78%	
Only estate tax legislation will be enacted retroactively	3.97%	
Congress will not enact "extenders" and estate tax legislation in 2010	3.97%	
Total Responses		**20% 40% 60% 80% 100%**

- Almost two-thirds of respondents think both the 2009 "extenders" package and estate tax legislation will be enacted retroactively, but 28 percent think only the "extenders" package will be enacted retroactively, perhaps in light of the potential political and constitutional issues raised by retroactively enacting the estate tax.

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12. Do you believe the current tax structure for business income is in need of fundamental reform?		
Responses	**%**	**Percentage of total respondents**
Yes	72.80%	
No	27.20%	
Total Responses		**20% 40% 60% 80% 100%**

- Respondents appear to have a growing recognition that the U.S. tax system for business is in need of fundamental reform (73 percent).

- Despite the fact that so many respondents believe the tax structure is in need of such reform, only two percent of respondents in Question 10 said it is likely to happen in 2010. Regardless of the recognized need, such reform still does not appear to take the forefront of an agenda focused on health care reform, job growth and other priorities.

- One respondent said:
  - *I think that U.S. tax law is in need of substantial reform if its corporations (formed, domiciled, headquartered in U.S.) are to survive. In particular, I believe that the U.S. must: (1) either revamp the foreign tax credit and reduce the rate or move to a territorial system; and/or (2) implement a border-adjusted (credit) VAT.*

- In 2009, 60 percent of respondents said the current tax structure for business income was in need of fundamental reform.

- In 2008, 66 percent of respondents said the current tax structure for business income was in need of fundamental reform.

13. Do you believe that the FIN 48 reserve requirements and related discussions between taxpayers and their auditors lead to better compliance with the tax laws?		
Responses	**%**	**Percentage of total respondents**
Yes	32.00%	
No	68.00%	
Total Responses		**20% 40% 60% 80% 100%**

- Businesses do not currently believe that the FIN 48 reserve requirements lead to better compliance with the tax laws (68 percent). The impact of FIN 48 on tax compliance may change in light of IRS Commissioner Doug Shulman's recently proposed plan to require large business taxpayers to disclose their uncertain tax positions on an annual schedule with their tax returns.

- In 2009, 66 percent of respondents said the FIN 48 reserve requirements did not lead to better compliance with tax laws.

14. There have been a number of recent proposals to eliminate or restrict deferral of U.S. taxation of foreign earnings. If Congress were to consider eliminating deferral in order to fund a reduction in the U.S. corporate tax rate, what tax rate would allow U.S. multinationals to remain globally competitive?

- Respondents provided a wide variety of answers to this open-ended question, attributable to the fact that taxpayers receive differing levels of benefits from deferral based on their respective industry, countries of operation and business model. Although a number of respondents noted that a corporate tax rate of somewhere between 15 and 25 percent would allow U.S. multinationals to remain globally competitive in the event that deferral is repealed, many respondents noted that an even lower corporate rate would be necessary.

15. Which individual will have the most significant impact on tax policy in 2010?		
Responses	**%**	**Percentage of total respondents**
President Barack Obama	45.60%	
Treasury Secretary Timothy Geithner	10.40%	
National Economic Council Director Lawrence Summers	2.40%	
Senator Max Baucus	14.40%	
Senator Charles Grassley	8.80%	
Representative Charles Rangel	5.60%	
Representative Dave Camp	0%	
Acting Assistant Treasury Secretary (Tax Policy) Michael Mundaca	3.20%	
IRS Commissioner Douglas Shulman	2.40%	
Other (please specify)	7.20%	
Total Responses		**20% 40% 60% 80% 100%**

- Respondents believe tax policy will be driven by President Obama in 2010 (46 percent), more so than any individual player in Congress or the Treasury Department. This sentiment mirrors Question 2 where 40 percent of respondents said the Obama Administration's priorities would have the most significant impact on tax policy in 2010.

16. Although many believe that the U.S. tax code is in need of fundamental reform, there is a significant likelihood that such reform will not occur in 2010. Assuming reform does not occur in 2010, which of the following will be the contributing factors? (Please check all that apply)		
Responses	**%**	**Percentage of total respondents**
Lack of Administration interest	25.40%	
Lack of Congressional interest	23.02%	
Competing legislative priorities	73.02%	
Pending mid-term elections	68.25%	
Budgetary constraints	33.33%	
Lack of public support	21.43%	
Total Responses		**20% 40% 60% 80% 100%**
Multiple answers per participant possible. Percentages added may exceed 100 since a participant may select more than one answer for this question.		

- Competing legislative priorities, including health care reform and jobs legislation, coupled with a likely abbreviated agenda due to the pending mid-term elections, make fundamental tax reform unlikely in 2010.

Methodology

In January, 2010, Miller & Chevalier distributed a survey via e-mail to leading tax and finance executives, including Vice Presidents, Managers, and Directors of Tax at a broad cross-section of large U.S.-based and foreign-based multinational corporations and major trade associations. The survey was completed by 128 respondents.

The survey was open from January 12 through January 22, 2010.

Due to rounding, all percentages used in all questions may not equal 100 percent. A few small edits were made to select verbatim responses to correct spelling and verb tense.

Percentages added may exceed 100 on questions 3, 4, 5, 7, 8, 9, 10 and 16 since a participant could select more than one answer for those questions.

Which of the following best describes you?		
Responses	**%**	**Percentage of total respondents**
CEO	4.69%	
CFO	1.56%	
COO	0%	
President	1.56%	
Vice President	18.75%	
Director or Manager of Tax	46.09%	
Government Affairs Professional	3.91%	
In-House Counsel	13.28%	
Other (please specify)	8.59%	
(Did not answer)	1.56%	
Total Responses		**20% 40% 60% 80% 100%**