

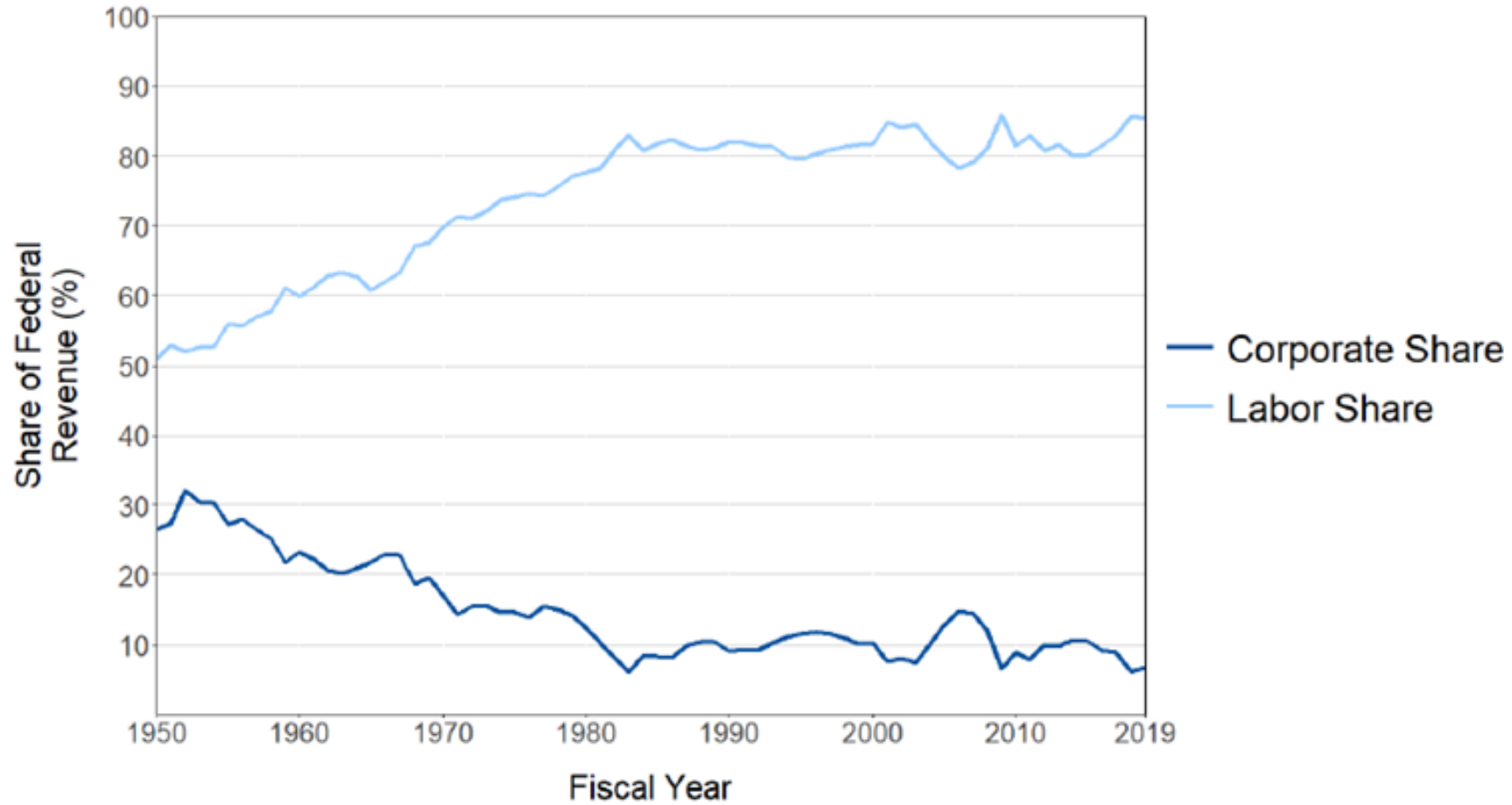
Table 1: Corporate Tax Revenues Relative to GDP, United States and OECD Average

Before and After Tax Cuts and Jobs Act of 2017 (TCJA)

	United States	OECD Average¹¹
Post-TCJA: 2018-2019	1.0	3.1
5 Years pre-TCJA: 2013-2017	2.0	2.9
Years Prior: 2000-2012	2.0	3.0

Source: OECD Revenue Statistics

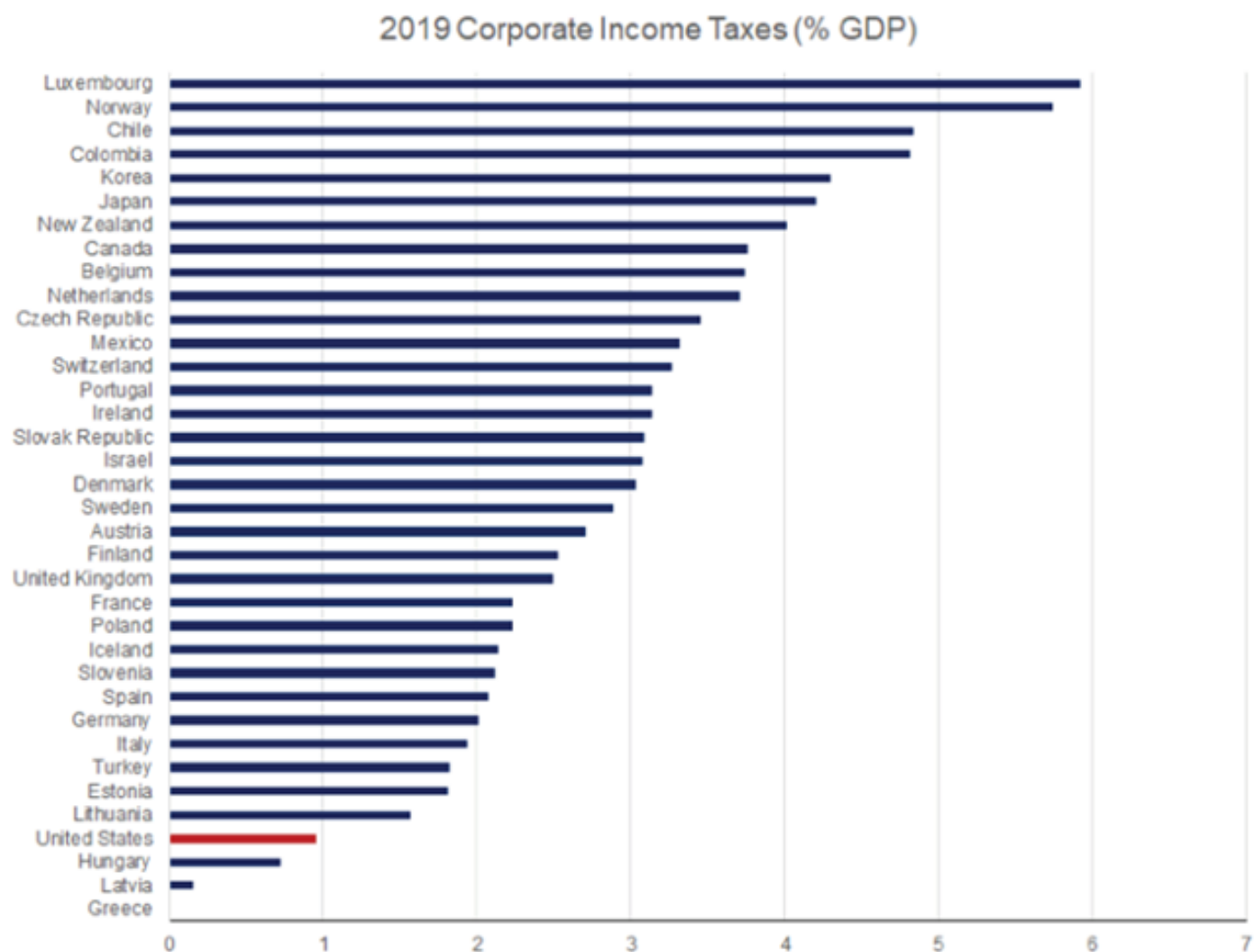
Figure 1: Labor and Corporate Share of Federal Tax Revenue (1950-2019)



Note: Labor is defined as individual income receipts and social insurance and retirement receipts.

Data: Office of Management and Budget, Historical Tables

Figure 3: 2019 Corporate Tax Collection in OECD Countries as a Share of GDP



Notes: Data from OECD's "2019 Revenue Statistics." Corporate income taxes include taxes on net profits and capital gains of enterprises, at both the national and subnational level.

Anatomy of a Biden

As the debate begins over President Biden's corporate tax increases, the temptation will be to focus on the headline tax rates. Those rates are bad enough, but worse lurks in the details. For one important example, dive into Mr. Biden's plan for taxing U.S. companies' global profits.

We're talking about the tax on global intangible low-tax income, known as Gilti, which was created by the 2017 tax reform. American multinationals were previously charged the full U.S. corporate tax rate on their global profits, but only when they repatriated their foreign earnings. That created a strong incentive to park foreign profits overseas. Gilti taxes many foreign profits as they arise, but at half the top domestic rate. That less punitive approach allowed more companies to return overseas cash to the U.S.

Gilti was flawed from the start and needs fine-tuning, but Mr. Biden would make it worse in every respect. Start with the rate. The 2017 tax law set the statutory Gilti rate at half the regular corporate rate, so Gilti now is 10.5%. Mr. Biden would increase that to 21%, three-quarters of the 28% rate he proposes for companies overall.

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