



THE POLICY
CIRCLE®

#policynotpolitics

Taxes

Discussion Guide

Let's get started

Each member is invited to give a **two minute reaction** to the brief answering the following questions. You may want to use a timer as you go around the room. And don't forget to decide who will take notes and post a discussion recap.

- What lens did you wear when reviewing this brief (e.g. personal, professional, etc.)?
- What did you find most interesting from reading the brief?
- What do you most care about regarding this issue?

Let's discuss

- What is the goal of tax policy and what should the priorities be?
- What current policy works well and what needs to change?
- A few specific topics to address :
 - What should be the most important goal of tax reform: raising growth, lowering the overall tax burden, simplifying the code, or making taxes fairer?
 - What is your opinion of the 2017 tax reform?
 - What is more important - how the tax code treats businesses or individuals?
 - Does the [Taxpayer Protection Pledge](#) make sense?

Let's act

- How do taxes affect our community? Is this an issue we'd like to learn more about? If so, who could serve as point people?
- What organizations, legislators and journalists could we contact to ask questions, learn more and get engaged?
- Who can post a meeting recap of this discussion and be a resource to other circles on this issue?

Key Facts

- High individual tax rates mean that individuals, families, and small businesses have less income, and a lower incentive to work, save, and invest.
- Contrary to popular misconception, the ultimate burden of corporate income taxes doesn't fall on corporations, but is instead borne by workers, shareholders and consumers.
- Most other developed world economies levy higher average tax rates than we do, but much of their tax burden comes from taxes on middle-class consumption (often in the form of VAT taxes that inflate the cost of goods and services).
- The 2017 tax reform improved the U.S. overall corporate tax rate competitiveness by incentivizing repatriation of overseas profits and lowering the overall corporate rate to incentivize investment in the U.S. The changes also reduced individual income tax rates overall through a combination of rate changes and increased amounts of income covered.

Principles of Reform

- The free-market [Mercatus Center](#) think tank offers the following [goals](#). They believe the tax code should be:
- **Simple.** The complexity of the tax system makes it difficult and costly to comply with and encourages tax avoidance. A simpler and more transparent tax code promotes compliance and increased revenues.
- **Efficient.** The tax code impedes economic growth by distorting market decisions in areas such as work, saving, investment, and job creation. An efficient tax system provides sufficient revenue to fund the government's essential services with minimal distortion of market behavior.
- **Equitable.** Americans of all income levels and personal situations believe the tax code is unfair. This perception is largely fueled by the code's "loopholes"—or provisions intended to benefit or penalize select individuals and groups. "Tax fairness" should reduce or eliminate provisions that favor one group or economic activity over another, especially among equal-income earners.
- **Predictable.** Tax certainty inspires economic growth and investment and also enhances competitiveness. An environment conducive to growth requires a tax code that provides both near- and long-term predictability.