

Latest GOP Corporate Tax-Giveaway “Compromise” Looks Almost Identical to Original Bloated Plan

The latest so-called “compromise” package of corporate tax subsidies and upper-income tax reductions put forward today by House Republicans with President Bush’s approval is almost identical to the tax cut bill passed by the House in October.

- The original bill was estimated to cost \$212 billion over its first three years. The new bill’s tax cuts appear to have a three-year price tag of about \$202 billion—only five percent less.
- Over the first three years, 69 percent of the tax cuts in the original bill would have gone to corporations. Under the new bill, corporations would get about 63 percent of the tax breaks.

As for the major details of the bills:

- Both bills would provide a huge increase in depreciation write-offs for corporations, at a cost of \$109 billion over three years.
- Both bills would extend a corporate tax shelter for companies that shift interest income offshore, at a cost of \$3 billion over three years. (The original bill would have made this tax shelter permanent; the new bill extends it for “only” 5 years.)
- Both bills would make it easier for companies with an excess of tax breaks to get refunds of taxes paid in earlier years, at a cost of \$10 billion over 3 years.
- The original bill would have completely repealed the corporate alternative minimum tax on otherwise very low-tax companies and refunded all minimum taxes paid since 1986—at a 10-year cost of \$24 billion (almost all in the first 3 years). The new bill repeals about two-thirds of the minimum tax and pays out rebates more slowly—with a 3-year cost of about \$10 billion and a likely 10-year cost of close to \$16 billion.
- Both bills would speed up the scheduled reduction in the 27% personal income tax rate from 2006 to 2002, at a cost of \$49 billion over the next three years (and \$60 billion over 4 calendar years).

“Who do House Republicans think they can possibly fool with this transparent repackaging of their original corporate giveaway scheme?” asked Citizens for Tax Justice director Robert S. McIntyre.