



Tax Policy Center
Urban Institute and Brookings Institution

Summary of Major Tax Proposals by GOP Presidential Candidates

The Urban-Brookings Tax Policy Center
December 12, 2011

Major Federal Tax Issues	Rep. Michele Bachmann	Herman Cain	Newt Gingrich	Jon Huntsman	Rep. Ron Paul	Gov. Rick Perry	Mitt Romney	Rick Santorum
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INDIVIDUAL INCOME AND PAYROLL TAX PROVISIONS								
Expiring Tax Cuts ¹	Extend all	Replace	Extend all	Replace	Extend all	No extensions	Maintain current tax rates on personal income	Replace
Tax Rates and Brackets	Reduce number of brackets	Repeal individual income taxes	Choice of current system or 15% single rate	3 rates: 8%, 14%, 23%	Replace individual income tax with Fair Tax or Flat Tax after repealing the 16th Amendment	Choice of current system or 20% single rate ²	Lower rates in the future	Two rates: 10% and 28%
Capital Gains, Dividends, and Interest Income	-	-	Exempt ³	Exempt capital gains and dividends	Exempt capital gains	Exempt qualified dividends and long-term capital gains	Exempt for households with AGI less than \$200,000	12% rate on capital gains and dividends
Exemptions, Deductions, Credits, and Other Tax Preferences	-	-	1) Allow \$12,000 exemption per person 2) Retain child credit, EITC, and deductions for mortgage interest and charitable contributions 3) Allow tax credit or deduction for health insurance purchased	Eliminate all deductions and credits	Has supported legislation to provide additional tax credits and deductions for education costs, alternative energy, and health care	Under alternative system, 1) \$12,500 per person exemption 2) Deductions for charitable contributions, mortgage interest, and state and local taxes 3) Phase out deductions for incomes over \$500,000	Short run: No change Long run: Broaden tax base and reduce and flatten tax rates	Retain deductions for charitable giving, home mortgage interest, healthcare, and retirement savings. Triple the exemption for dependent children.

1. Most tax cuts enacted between 2001-10 are scheduled to expire in 2013.

2. Gov. Perry would allow taxpayers the option of paying individual income tax under current law for up to eight years. People choosing 20% option may not switch

3. Mr. Gingrich's framework would exempt capital gains and dividends and repeal the AMT in his single-rate tax system. Those changes would not apply to people opting to file under the current tax system.

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AMT	"Fix the AMT"	-	Repeal ³	Repeal	Repeal	Retain and do not patch under current system; repeal under 20% single rate system	-	Repeal
Refundable Credits	Eliminate ⁴	-	Retain EITC and CTC	Eliminate	-	Eliminate ⁵	Retain	Retain
Payroll Tax	-	Repeal	Future repeal ⁶	-	-	-	Supports a temporary reduction in payroll tax if properly structured.	-
Taxes under the Affordable Care Act of 2010 ⁷	Repeal	Repeal	Repeal	Repeal	Repeal	Repeal	Repeal	Repeal
Other Issues	-	Replace individual income and payroll taxes with consumption taxes (see below)	change to a territorial system	-	Repeal 1993 tax increase on Social Security benefits; eventually exempt Social Security benefits from taxation	Eliminate taxes on Social Security benefits. For eight years, taxpayers may choose to pay either tax under current law or 20% flat tax	-	Eliminate marriage penalties

3. Mr. Gingrich's framework would exempt capital gains and dividends and repeal the AMT in his single-rate tax system. Those changes would not apply to people opting
4. Rep. Bachmann proposes that every taxpayer pay some individual income tax. That would require eliminating refundable credits.
5. Gov. Perry's flat tax framework would eliminate all refundable credits.
6. Mr. Gingrich proposes to replace payroll taxes with "personal accounts" in the future.
7. All the GOP presidential candidates have pledged to repeal the Patient Protection and Affordable Care Act of 2010, presumably including the taxes imposed by the act

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BUSINESS TAX PROVISIONS								
Corporate Tax Rates	-	Repeal corporate income tax	12.5%	25%	15%	20%	25%	Cut corporate tax rate in half to 17.5 % and reduce to 0% for manufacturers.
Tax Preferences	-	-	Full expensing of capital expenditures (equipment and infrastructure)	Eliminate "all loopholes, deductions and tax expenditures"	-	1) Phase out corporate tax preferences 2) Retain industry-wide energy tax incentives for research and development 3) Full expensing for research and capital expenditures	1) Temporary Investment Tax Credit 2) Extend for one year the expensing of capital expenditures	Increase R&D credit from 14 to 20 % and make permanent. Allow 100% expensing of equipment
Repatriated Corporate Profits	Allow repatriation at 5% tax rate following limited tax-free period	-	-	Tax holiday	Allow tax-free repatriation	Temporarily lower the tax rate on repatriation to 5.25%	Tax holiday	Eliminate tax on repatriated corporate income if used to invest in plant and equipment; tax other repatriated profits at 5.25 % rate.
Other	"Make corporate tax code simpler and fairer"	Replace corporate income tax with consumption tax (see below)	-	Change to a territorial system	-	Change to a territorial system	1) Couple further rate reductions with base broadening and simplification; 2) Transition to a territorial system	-

Note: The Tax Policy Center will update this table as new information becomes available.

Sources:

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