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# U.S. Tax System Ranks 32 Of 34 Countries. Trump Would Change That

The Tax Foundation says America's tax code fails in comparison to virtually all other OECD nations. The [2015 International Tax Competitiveness Index](#) ranks the United States an appalling 32 out of the 34 countries in the OECD. With the 3rd least competitive tax code in the developed world, only Italy and France have less competitive codes. [Donald Trump](#) says he would change that, with [his version of tax reform](#).

Although the U.S. may find comfort in the bad company of France and Italy, the U.S. wants to aim for the other end of the spectrum. Estonia, New Zealand, and Switzerland have the most competitive tax codes in the OECD. The ratings are not just about tax rates. The Index tries to determine which countries provide the best tax environment for investment and business growth and development. There are a dizzying number of variables that take into account corporate income taxes, individual taxes, consumption taxes, property taxes, and the treatment of foreign earnings.



Republican presidential hopeful Donald Trump announces his tax plan during a press conference at Trump Tower in New York on September 28, 2015. (Photo credit: DOMINICK REUTER/AFP/Getty Images)

What is so bad about the U.S. tax code? We score poorly for multiple reasons. For one, there is our expansive reach. The U.S. is one of only six countries in the OECD without a territorial tax system. That is a problem, and so is our high tax rate. We have the highest corporate income tax rate in the industrialized world, at 35%. America also has a relatively high and poorly structured individual income tax system. Notably, our tax system for individuals taxes both dividends and capital gains.

In fact, about all Americans can feel good about is that France comes in last. Still, France's 34.4% corporate tax rate pales next to our 35%. France maintains high and poorly structured property taxes. It also has high individual income tax rates. Estonia, on the other hand, has the most competitive tax system in the developed world. It has a corporate tax rate of 20%, and it does not heap double taxation on dividend income. Most individual taxes are a flat 20% too.

And while the U.S. has ranked almost last for years now, the campaign season is focusing more attention on the tax code. Many say a big change to America's tax code is long overdue. In fact, the last major change to the U.S. tax code was almost 30 years ago in the Tax Reform Act of 1986. Curiously, at that time Congress slashed the top marginal corporate income tax rate from 46% to 34%. One reason was to try to make U.S. corporations more competitive overseas.

But the pace of reform and of lower base rates worldwide has left the U.S. in the dust. Mr. Trump is not alone in saying we need reform. And his vaguely populist image is calling for nice cuts almost across the board. For example, Mr. Trump says that he would deeply cut America's corporate tax rate from 35% to 15%. Without too much specificity, he also says he would make America great again. In taxes, no one wants to stay neck in neck with France.

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