



## RESTORE SIMPLICITY AND CERTAINTY TO THE TAX CODE

Tax code uncertainty is wreaking havoc on the construction equipment industry. With so many expiring tax provisions and new levies scheduled to begin in the coming years, companies are unable to plan — impeding economic growth and job creation. At the end of 2012, Congress will once again consider extending the Bush-era tax cuts. If lawmakers don't act, income, capital gains, and estate tax rates will all return to pre-2001/2003 levels.

For the capital-intensive, family business dominated equipment industry, the uncertainty surrounding the estate tax is particularly problematic. After disappearing in 2010, the estate tax returned this year with an exemption level of \$5 million per person and a top tax rate of 35 percent. However, beginning in 2013, the tax will return to pre-2001 levels with a \$1 million exemption and a top rate of 55 percent. These discrepancies complicate estate planning and highlight the need for a permanent solution.

In addition to expiring tax provisions, the onerous 3 percent government contractor withholding tax is scheduled to take effect in 2012. This tax will increase contract administration costs at all levels of government and hurt the cash flow of companies doing business with the government. Congress should repeal this pending tax as soon as possible, as businesses are already factoring in the cost of the tax into their contracts for next year.

Whether it's the expiration of Bush-era tax cuts or pending new taxes, the uncertainty surrounding the tax code is stifling growth in the construction equipment industry.

**Congress must act to restore certainty to the tax code and pursue tax policies that will create jobs and spur economic growth.**

- With so many tax provisions having an expiration date attached to it, companies are unable to plan for the future. According to the Joint Committee on Taxation, 65 tax provisions are scheduled to expire at the end of 2011. Another 37 will expire at the end of next year.
- In 2012, the 3 percent government contractor withholding tax is scheduled to take effect. The new tax will dramatically affect cash flow and reduce money available for payroll, new business investment, and everyday expenses. Please consider co-sponsoring bills to repeal the impending tax (H.R. 674/S. 164/S. 89).
- The estate tax is scheduled to return to a prohibitive 55 percent top rate and \$1 million exemption in 2013. Please consider co-sponsoring the Death Tax Repeal Permanency Act (H.R. 1259), to give family-owned companies sustained relief and certainty.
- The longer Congress delays on dealing with expiring and pending tax provisions, the bigger the challenge for small companies. Congress should act early to restore certainty to the tax code so small businesses can better plan and prosper.
- Lawmakers must also reform the tax code in a manner that rewards entrepreneurship and innovation and does not penalize successful small businesses.