DEPARTMENT OF THE TREASURY
WASHINGTON

ASSISTANT SECRETARY

January 1992

The Honorable Dan Rostenkowski
Chairman
Committee on Ways and Means
United States House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Section 634 of Public Law 99-514, the Tax Reform Act of 1986 directed the Secretary of the Treasury or his delegate to study reforms of the taxation of corporate income under Subchapter C of the Internal Revenue Code. This mandate is quite broad. We concluded that a comprehensive study of the issues presented by integration of the corporate and individual income tax would address fundamental questions concerning how the corporate income tax might be restructured to reduce tax distortions of important corporate financial decisions and to achieve a more efficient system. Given the prevalence of integrated corporate income tax systems in the world today, we believe that an examination of these substantial issues should precede consideration of other, less fundamental, approaches to corporate income tax reform. Accordingly, this Report is submitted pursuant to the statutory directive cited above.

I am sending a similar letter to Representative Bill Archer.

Sincerely,

Kenneth W. Gideon

Kenneth W. Gideon
Assistant Secretary
(Tax Policy)

DEPARTMENT OF THE TREASURY
WASHINGTON

ASSISTANT SECRETARY

January 1992

The Honorable Lloyd Bentsen
Chairman
Committee on Finance
United States Senate
Washington, D.C. 20515

Dear Mr. Chairman:

Section 634 of Public Law 99-514, the Tax Reform Act of 1986 directed the Secretary of the Treasury or his delegate to study reforms of the taxation of corporate income under Subchapter C of the Internal Revenue Code. This mandate is quite broad. We concluded that a comprehensive study of the issues presented by integration of the corporate and individual income tax would address fundamental questions concerning how the corporate income tax might be restructured to reduce tax distortions of important corporate financial decisions and to achieve a more efficient system. Given the prevalence of integrated corporate income tax systems in the world today, we believe that an examination of these substantial issues should precede consideration of other, less fundamental, approaches to corporate income tax reform. Accordingly, this Report is submitted pursuant to the statutory directive cited above.

I am sending a similar letter to Senator Bob Packwood.

Sincerely,

Kenneth W. Gideon

Kenneth W. Gideon
Assistant Secretary
(Tax Policy)