GLOSSARY

AFCE: Allowance for Corporate Equity. See Section 12.B.

ACT: Advance Corporation Tax (United Kingdom). See Appendix B, Section B.6.

ALI: American Law Institute.

AMT: Alternative minimum tax. See Appendix A, Section A.1.

AMTI: Alternative minimum taxable income. See Appendix A, Section A.1.

Capital export neutrality: The principle that investors should pay equivalent taxes on capital income, regardless of the country in which the income is earned. See Section 7.B.

Capital import neutrality: The principle that all investments within a country should face the same tax burden, regardless of whether they are owned by a domestic or a foreign investor. See Section 7.B.

CBIT: Comprehensive Business Income Tax. See Chapter 4.

C corporation: A corporation taxed under the classical system as set forth in Subchapter C of the Internal Revenue Code. See Appendix A, Section A.1.

CGE model: Computable general equilibrium model. See Section 13.C.

Classical system: The two-tier corporate tax system, which taxes earnings on equity capital at both the corporate and shareholder level.

Code: The Internal Revenue Code of 1986, as amended.

DRD: Dividends received deduction. See Appendix A, Section A.1.

DRIP: Dividend reinvestment plan. See Chapter 9.

EDA: Excludable Distributions Account. See Sections 2.B and 4.B.

EK: Eigencapital (equity capital) (Germany). See Appendix B, Section B.4.

FEI: Family Economic Income. See Section 13.G.

GDP: Gross domestic product. The value of final goods and services produced by factors of production in the United States.

GNP: Gross national product. The value of final goods and services produced by U.S. owned factors of production, including factors that are actually used overseas.

ICA: Imputation Credit Account (New Zealand). See Appendix B, Section B.5.

Inbound investment: Investment by foreign persons in the United States. See Section 7.A.

IRS: Internal Revenue Service.

MPM: Mutual production model. See Section 13.F.

MTD: Minimum tax on distributions. See Section 12.C.

NNP: Net national product. GNP minus capital consumption (depreciation).

NOL: Net operating loss. See Appendix A, Section A.1.

OECD: Organisation for Economic Co-operation and Development

OID: Original issue discount. The OID rules govern the accrual of discount on debt. Discount is economically equivalent to interest.

Outbound investment: Investment by U.S. persons in foreign countries. See Section 7.A.

PA model: Portfolio allocation model. See Section 13.F.

REIT: Real estate investment trust. See Appendix A, Section A.1.

REMIC: Real estate mortgage investment conduit. See Appendix A, Section A.1.

RIC: Regulated investment company. See Appendix A, Section A.1.

R&D: Research and development.

S corporation: A corporation which bears no corporate tax and whose shareholders are taxed under the passthrough regime set forth in Subchapter S of the Internal Revenue Code. See Appendix A, Section A.1.

SCA: Shareholder Credit Account. See Section 11.B.

S&L: Savings and loan association.

Subchapter C: The portion of the Internal Revenue Code that governs the taxation of corporations under the classical system. See Appendix A, Section A.1.

UBIT: Unrelated business income tax. A tax-exempt entity is subject to UBIT on income derived from a business unrelated to the entity's exempt purpose and on certain passive income to the extent it is financed with debt.