The federal government’s high taxes and complex tax code are barriers to economic growth whose negative effects are especially harmful as America’s economic recovery continues to struggle. Americans can tear down these barriers and unleash the growth we want and need by seeking policies to reduce and reform our taxes that reflect fundamental conservative principles, including:

- Cutting taxes means individuals and businesses have more resources for economic activity that creates jobs and increases prosperity.
- Tax rates and policies for businesses must be globally competitive and encourage innovation and risk-taking.
- The tax code must be simple and fair.
- Our tax system and the Internal Revenue Service must be fair and free of corruption and bias.

John Kasich will work with Congress to cut personal and business taxes, simplify the tax code and initiate a top-to-bottom review of our tax system to eliminate barriers to innovation, and root-out bias, arrogance and corruption in the Internal Revenue Service. Highlights of Kasich’s tax cut and reform strategy include:

**Tax Cuts for Individuals and Families:** Lowering income tax rates, reducing the number of brackets, and increasing the Earned Income Tax Credit will allow all taxpayers, especially low and middle income earners, to keep more of their own money and be better able to save and invest for the future.

  - **Lower Income Tax Rates:** Simplify and cut taxes for Americans by reducing the number of brackets from seven to three, cutting the top rate from the current 39.6 percent to 28 percent—the same rate President Reagan used in his 1986 tax cut—and cutting the other rates as well.
  - **Low-Income Tax Relief:** Increase the Earned Income Tax Credit by 10 percent.
  - **Lower Capital Gains Tax Rates:** Reduce long-term capital gains rates to 15 percent.
  - **Eliminate the death tax.**
  - **Simplify Deductions:** Preserve the tax deduction for charitable donations for all taxpayers and the mortgage interest deduction (maintaining current limits).

**Tax Cuts for Job Creators:** Lower taxes and incentives to invest will restore global competitiveness to America’s business to help create new jobs.

  - **Lower Tax Rates:** John Kasich will cut the top business rate to 25 percent from 35 percent to make America more competitive.
  - **Double the Research & Development Tax Credit for Small Businesses:** To help small businesses innovate, be competitive and create jobs, John Kasich will double the value of the research and development tax credit for businesses under $20 million in gross revenues.
  - **Repatriation:** America’s current high corporate tax rate and worldwide tax system discourages U.S. multi-national corporations from bringing their foreign-earned profits back to the U.S. where they can create jobs for Americans. To encourage businesses to bring these profits back from overseas John Kasich will apply a low rate on the estimated $2
trillion in previously deferred active foreign earned income.

- **Territoriality:** To keep U.S. businesses’ foreign-earned profits flowing back into the U.S., Kasich will replace our current worldwide tax system with a territorial system that only taxes profits businesses generate in the U.S. This will make the U.S. more competitive and put it on the same footing as Canada, Australia, Germany, the United Kingdom and most other major industrialized nations.

- **Immediate Expensing:** John Kasich will let businesses immediately deduct the full cost of new equipment, machinery and buildings. Accelerating the tax deductibility will encourage more company investment, resulting in greater growth and job creation.

**Tear Down Barriers to Innovation:** Initiate a comprehensive review of federal policies to identify and eliminate barriers to research, innovation, commercialization of new breakthroughs and start-up business success.

**Reform the Internal Revenue Service to eliminate inefficiency, bias and corruption:** The Kasich Administration will launch an independent, top-to-bottom review of the Internal Revenue Service and its practices with the goal of improving simplicity, fairness and integrity. No more will the IRS be used to target individuals or groups based on ideology or other irrelevant factors.

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