

## API Tax Principles

- I. The United States corporate tax system should promote investment in the United States and U.S. competitiveness internationally.
- II. A competitive US corporate statutory income tax rate should be maintained since long-term investments depend upon stability and predictability.
- III. Pro-growth, non-discriminatory capital cost recovery provisions are needed to encourage U.S. capital investment.
- IV. API supports a U.S. system of international taxation that is competitive with the OECD and other nations.
  - a. The U.S. should not impose tax on international income in excess of other tax jurisdictions. Doing so reduces the competitiveness of the U.S. system.
  - b. Rules ensuring that foreign source income is not subject to double taxation are essential for supporting competitiveness internationally. Any tax imposed by the U.S. on international income should allow a full foreign tax credit for foreign income taxes incurred.
- V. Stable, non-discriminatory tax rules that provide a level playing field are key factors for long-term economic growth.
  - a. Our tax system should provide consistent treatment for all industries.
  - b. There should be no targeted taxes on any particular industry.
  - c. Within the energy sector, the tax system should provide consistent treatment for all forms of energy and should avoid tax transfers from one energy sector to subsidize another. Competitive market forces will most effectively enable companies to invest in new technologies and produce the many sources of energy required to provide reliable and affordable energy.
- VI. Taxation of businesses income must be on a net basis. Standard business expenses should be deductible and should not be arbitrarily limited. Limiting the deductibility of these expenses puts U.S. companies at a competitive disadvantage against their international competitors.
- VII. A competitive US tax system should seek compliance simplification and minimize administrative complexity.