



## Let's Bump Plans: A Comparison of Gingrich and Perry's Flat Tax Plans

*Gingrich's Plan Far Bolder than Perry Plan and Will Lead to Far More Robust Job Creation and Capital Investment in United States*

### Comparison:

	Gingrich	Perry	Gingrich Plan Better
Rate	15%	20%	Gingrich has advocated for several years an optional flat tax rate of 15%, which when coupled with Gingrich's bold entitlement and regulatory reforms, will usher in another era of booming economic growth and new, higher-paying jobs. The Perry rate of 20% is higher than the 17% that Steve Forbes proposed in his 1996 and 2000 presidential campaigns.

Who Gets to Make Deductions for Charitable Giving and Home Ownership?	Everyone	Families making less than \$500,000/year	By creating two separate classes of taxpayers, the Perry plan buys into the same class warfare that characterizes the Obama and Romney economic plans. The fact that there are still two brackets – even under a supposed “flat tax” plan – calls into question whether this is really a flat tax at all.
State and Local Tax Deduction	Not deductible in optional flat tax plan	Deductible in optional flat tax plan	The Gingrich plan has lower rate so less need for state and local deductions. The deduction is a federal subsidy for states to adopt higher state and local taxes. Removing the subsidy would lead states to reduce state and local taxes, or adopt their own flat tax reforms. The Perry plan erodes states’ competitive advantages by making state and local taxes deductible in the optional flat tax plan.
Who Benefits from Elimination of Capital Gains Tax?	Everyone	Depends whether capital gains is long term or short term. Perry’s plan eliminates cap gains only for long term.	The Gingrich plan maximizes the capital investment and job creation that will accompany the elimination of this tax. The Perry plan only goes halfway, and by levying up to 35% tax on short-term capital gains, it will discourage investment, venture capital, and new job creation.

Corporate Income Tax	12.5%	20%	The Gingrich plan will create a boom of new American entrepreneurship by dramatically cutting the corporate tax rate to one of the lowest in the developed world. The Perry plan relies upon a short term "tax holiday," then only drops the corporate tax rate to 20% -- only average in the developed world, and still over 20% higher than our closest economic competitor Canada, which has a rate of only 16.5%. Gingrich rate makes U.S. more competitive than Canada.
Earned Income Tax Credit (EITC) and Child Tax Credit	Both the EITC and the Child Tax Credit are preserved in Gingrich's optional flat tax system	No information provided	Preserving the EITC and Child Tax Credit are critical to ensure that the optional flat tax system does not unfairly target low-income Americans. Gingrich passed the first child tax credit as Speaker in 1997, and will preserve this credit and the EITC under his optional flat tax system

Payroll Tax	Eventually replace payroll tax with personal accounts, financing better results	No change in existing payroll tax	Gingrich supports personal savings investment and insurance accounts that would eventually be expanded to finance all of the benefits now financed by the payroll tax, allowing that tax ultimately to be phased out altogether.
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