



*Invest. Grow. Innovate.*

## ***Oppose the Carried Interest Tax Hike on Investment and Growth Capital***

- The Baucus-Levin carried interest tax hike is a 157% tax increase on growth capital investment.
- It is punitive and ill-conceived, and will discourage risk taking required to start, grow, and save American companies.
- Countries with which we compete tax carried interest as capital gains and at rates ranging from 0% in India, and 10% in China, to 18% in the United Kingdom. Thus, the Baucus-Levin proposal puts the U.S. at a competitive disadvantage and will draw capital from our shores to more friendly foreign markets. It is a job creation program for our global competitors.
- The Baucus-Levin proposal makes it more attractive to speculate in commodities or collectibles than make long-term growth capital investments.
- By dramatically boosting the cost of capital, the Baucus-Levin proposal will discourage the riskiest investments, denying investment to firms that most urgently need risk capital to save jobs, survive, and grow.
- It is not only misguided tax and economic policy, it is extremely unfair as it provides no reasonable grandfather rules for investments made in good faith in recent years in reliance on current law.
- Changing the long-established flow-through tax treatment of partnerships upends more than 50 years of partnership tax law characterizing carried interest as a capital gain.
- The proposal would make investment services management partnerships the only businesses in America where the value inherent in the enterprise would be ineligible for long-term capital gains rates, if the overall enterprise or part of it is sold.