

## What Businesses Look for in a Tax System

- I. Introduction
  - A tax system should be structured with a clear basis in tax policy bolstered by a framework of well developed rules and principles.
- II. Equitable
  - The government should see that comparable economic situations are taxed equally.
  - It should be based as much as possible on ability to pay.
- III. Stability
  - The system should be stable with few changes such that impact is predictable.
  - Certainty
- IV. Administration
  - Enforcement should be fair and impartial.
  - The government should provide good, detailed supporting regulations and rulings that are issued timely.
  - Taxpayers should be able to easily appeal determinations.
  - Consistent application of laws.
  - Administrators should timely respond to taxpayers.
  - The latest technology should be used.
- V. Simplicity
  - Laws should be easy to understand.
  - Compliance should not be costly.
- VI. Comity
  - Tax laws should be similar to other states in fiscal impact and substance.
  - Interstate operations should be treated consistently with local operations.
  - Statutes (particularly income tax) should dove-tail with federal statutes whenever possible.
- VII. Tax incentives
  - The government should determine if tax incentives are worth it. Consider II above.
  - Consider administrative cost of incentives.