



News & Trending
NEWS

PARTNER BILL NELSON APPEARS ON WUNC-TV'S "BOTTOM LINE" DISCUSSING TAX REFORM

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WUNC TV "Bottom Line"

On June 23, Smith Anderson Partner Bill Nelson participated in a panel discussion on WUNC-TV's "Bottom Line." Addressing the program's hot topic of the week—taxation—the panel discussed the implications of tax reform both at the State and Federal levels. Also participating in the panel were Rollin Groseclose, CPA with Johnson Price Sprinkle and NCSU professor and economist, Mike Walden.

Asked what changes would make the system of taxation more straight forward or easier for North Carolina businesses to understand, Bill acknowledged that North Carolina has already made several helpful changes to bring rates down and broaden the base. "This week's budget bill continues that policy of driving rates down further," Bill said. "The Corporate income tax rate will go down to 2.5 percent in 2019, and the personal income tax rate will go down to 5.25 percent in 2019."

Bill also mentioned the budget bill's significant provision in repeal of the mill machine tax, a sales tax on business-to-business transactions. "[The tax] is a bad idea because it causes a pyramiding of tax burden as products move through the chain of production. Getting rid of the mill machine tax was a very big step."

As the panel moved on to taxation at the federal level, Bill suggested the most important change the government should make is to bring rates down. "The U.S. is terribly uncompetitive," he said. "We have the highest corporate income tax in the OECD and, according to one study, the second highest corporate income tax in the entire world, surpassed only by the United Arab Emirates."

"Another thing Congress should consider is moving from so-called worldwide system taxation—where a U.S. corporation pays tax on its income earned anywhere in the world—to a territorial system," Bill added. "Most of our trading partners have territorial systems, which would mean a U.S. corporation would only pay tax in the U.S. on income earned here."

"Bottom Line" host Joe Stewart asked the panel to consider whether the U.S. tax policy needs to reflect a globalized economy, making sure we are competitive in an environment where we are doing business both here and abroad?

"[Smith Anderson] has had several clients over the years – start-up companies, commercializing technologies – they like it here because there is an educated workforce and access to capital," Bill explained.

“But when they get to the commercialization stage and start earning money, they realize how draconian and punitive the U.S. tax system is ... I’ve seen time and again founders of companies just kick themselves for starting their businesses here, and it’s a terrible thing that they should feel they are better off starting their business somewhere in Europe or elsewhere,” he added.

Asked for his final thoughts, Bill offered some sound advice. “There’s an old saying that the only thing harder than getting a special tax break into the code, is getting it out because all sorts of vested interest accrete around it,” he said. “Legislators aren’t always the best at picking winners and losers. Let’s keep it simple, let’s keep the rates low, let’s keep the base broad.”

Bill's experience includes tax planning for corporate acquisitions, tax-free reorganizations and divestitures, forming and advising joint ventures and private equity funds, providing tax and business law advice to limited partnerships and limited liability companies, and representing domestic and foreign taxpayers on international tax matters. His principal practice areas are federal and state taxation, mergers and acquisitions, and private equity transactions.

To view the full "Bottom Line" program, click [here](#).

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