



AMERICANS *for* TAX REFORM

Grover G. Norquist
President

FOR IMMEDIATE RELEASE
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Joe the Plumber cares about more than just his higher tax rates: Expensing his equipment in year one

McCain Plan to Move from Depreciation to Expensing Will Also Help Joe the Plumber

WASHINGTON, DC— Americans for Tax Reform today reminded policymakers that “Joe the Plumber” is right to be concerned about higher small business taxes. Obama’s plan to hike the top small business rate to more than 50 percent will kill the entrepreneurial spirit of Joe and millions like him. But that’s only part of the story.

Senator John McCain has a common-sense, pro-growth tax cut Joe can use along with current moderate tax rates: expensing. Under current law, most businesses must slowly deduct, or “depreciate,” business asset purchases over several years. McCain would allow all businesses—large and small—to immediately expense these purchases the first year.

“Even though Joe the Plumber’s business might buy a truck in one year, it might take him six years or more to fully-deduct the cost of that truck,” said ATR President Grover Norquist. “He bought the truck in year one—why can’t he deduct the cost in year one?”

Small businesses can currently expense up to \$250,000 of new equipment purchases, but this is limited by several factors (the equipment must be new, total purchases cannot exceed \$1 million, etc.) A simple and straightforward expensing rule will take the tax guesswork out of business investment decisions for Joe and his fellow entrepreneurs.

“Why should Joe be able to deduct credit card debt, but not a new truck? If we want to keep the small business engine running, we have to stop the tax code from making Joe the Plumber’s budget decisions for him,” concluded Norquist.

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Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all tax increases. For more information or to arrange an interview please contact John Kartch at (202) 785-0266 or by email at jkartch@atr.org.

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