General idea: Close loopholes in the corporate tax rate and lower it to 25%

More specific addendum: Allow companies the option of paying the 25% flat rate OR repatriating at a lower rate of 20% BACK to their lower wage employees in the form of wages, bonuses or benefits.

Mechanics:

1. On a regressive scale from $75,000 annual to $0, a larger percentage of the bonus pool is allocated more heavily weighted towards the lower wage up to the $75,000 cap.
2. Allow managers discretion of weighting distribution of the cash pool to higher performers to reward strong performance.
3. Potential weighting: 50% of bonus pool paid out to $0 - $35,000; 30% paid out $35,001 - $55,000; 20% paid out $55,001 - $75,000.
4. Paid out quarterly in concert with quarterly filings
5. Companies are incented to pay out to employees rather than taxes since the rate is lower but they are not being forced to do so.

Intended results:

1. First and foremost addresses income inequality by allowing lower wage employees to share in the profits that would otherwise have been going to the Federal government. And since corporate tax collections were just 9% of 2011 revenues, it's not a huge portion of the Federal budget.
2. Acts as an immediate economic stimulus. While true that it will initially add to the deficit, getting more spendable cash into the hands of the middle class quickly should have very positive effects in terms of
    a. Higher income tax revenue collection
    b. Higher payroll tax collection revenue to add to funding for Medicare and Social Security
    c. Stimulate economic and job growth by stimulating a wide swath of demand
3. Fosters a business environment of personal responsibility as workers are rewarded for their production above and beyond normal compensation. Every employee across the wage spectrum has an immediate, realizable stake in making the company perform.
4. If a company is ALREADY profitable, all workers are further incented to grow the company and increase profits. If a company is in the red, new or struggling, all workers have additional incentive to pull together to generate a profit to realize compensation above and beyond their standard wages.
5. Provides a solution that should be palpable to both liberal and conservative members of congress as it simultaneously addresses the income gap and lowers taxes on corporations.

Real world example:

In fiscal year 2012, McDonald's Corp realized income of $8,079B and paid taxes of $2.6B. That's an effective tax rate of the 32%. If, instead, they were to opt for my 20% pay out to lower wage workers, their total additional wage expense would be $1.6B v the $2.0B tax expense @ 25% flat rate. And immediate $400MM savings for McDonald's.

A very flat quick straight line calculation would show that, on average, that is an additional $888.00 per their 1.8 million global employees. That is a decent enough individual stimulus as it is for low wage workers. However, if you consider the regressive weighting towards the lower wage workers, capping it at $75K annually, and focusing only on domestic employees, that amount would be significantly higher.

Of course my 20-25% rate could be slid around or divided up. It is just a raw suggestion.

Thank you for your time reading my idea for simultaneous economic stimulus and tax reform.

Regards,
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