



---

# The American Business Competitiveness Act (ABC Act)

## SECTION-BY-SECTION SUMMARY

### Section 1:

- Short Title – American Business Competitiveness Act of 2015

### Section 2:

- Congressional Findings

### Section 3:

- The bill would impose a maximum 25% tax rate on the net business income of individuals and corporations.

### Section 4:

- Moves to cash-flow accounting and full-expensing of business costs. Net business income would be considered taxable receipts minus deductible amounts. Compensation expenses, along with the acquisition of property and use of services for business activity, would be considered deductible amounts. Mergers, acquisitions, and distributions would not incur any tax penalties. Changes the international tax system to a territorial system. Simplifies the treatment of financial institutions under the code.

### Section 5:

- Businesses would be able to preserve already-accrued depreciation deductions for property. Depreciation deductions for property would continue under current schedules.

### Section 6:

- Individual interest income would be taxed at the same rate as dividends and capital gains.

### Section 7:

- Eliminates business depreciation and deductions, with the exception of property as indicated in Section 5.

### Section 8:

- Allows businesses to carryback net-operating losses 5 years and carry them forward indefinitely.





---

### Section 9:

- Repeals the Alternative Minimum Tax (AMT) for corporations and individuals in regards to their business income.

### Section 10:

- Repeals all business tax credits.

### Section 11:

- Eliminates the interest expense deduction in regards to business activity. Provides a 10-year phase out of the interest deduction.

### Section 12:

- Requires all taxpayers, and businesses, to use the cash method of accounting for tax purposes. Income would be reported in the year received, and expenses would be deducted in the year they are paid.

