

Press Release



Before the BBB, There Was the BURP: Reviewing the U.S. Experiment with Book Taxes in the 1980s

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Congressional Democrats are assembling budgetary offsets for their domestic spending reconciliation bill, and, for the moment, have included a 15 percent minimum tax on major U.S. firms. In a new insight, Director of Fiscal Policy Gordon Gray reviews the Business Untaxed Reported Profits (BURP) adjustment, a short-lived corporate tax from the late 1980s that is analogous to the proposed corporate tax in the reconciliation bill, both of which tax reported financial “book” income rather than taxable income. Gray contends that America’s brief experiment with conflating taxable and financial income simply made financial reporting worse.

Key Points:

- Congress is considering imposing a tax on the reported financial or “book” income of U.S. firms.
- In response to misleading reports about large corporations paying low effective tax rates, Congress experimented with this form of taxation in the late 1980s and wisely abandoned it.
- From 1987 to 1989, the United States imposed the BURP adjustment that relief on book taxation, similar to the minimum book tax in the Build Back Better Act.
- The reliance on book income for the purposes of minimum taxes was criticized at the time – criticisms that were substantially documented in subsequent study.

[Read the analysis](#)