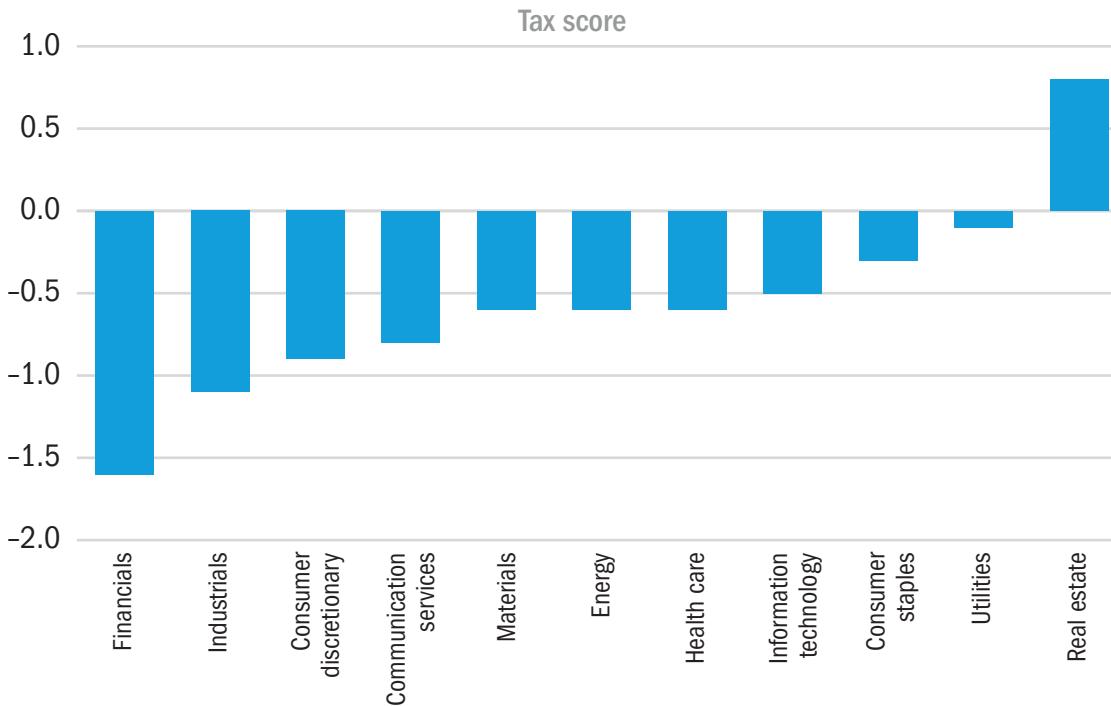


# Chart on the Go

## Latest Insights | Equity

### ► The impact of a corporate tax increase varies by sector

We analyzed the effect on prospective earnings and assigned a score based on a proprietary scale



Source: Columbia Threadneedle Investments

Tax impacts were estimated based on limited information currently available. The 15% minimum book tax proposal is unclear in many respects, and The Biden administration has not released a detailed proposal. The impact these proposals, and particularly the Global Intangible Low Tax Income proposal, could vary significantly by company within the sector.

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Our fundamental analysts looked at how Biden's proposed corporate tax changes would impact corporate earnings, specifically, his proposals to hike the corporate tax rate from 21% to 28%, increase the global intangible low tax income (applicable to companies with offshore subsidiaries) and set a minimum 15% book tax rate.

Analysts scored the impact to companies' earnings per share on -2 to +2 scale. At the sector level, real estate and utilities (which can pass increases on to customers) were the relative winners. Companies with a greater percentage of profits in foreign subsidiaries may see the greatest tax headwind. In total, we estimate that the proposal could have a -7% effect on S&P 500 profits.

This bottom-up analysis is not intended to support a bet on one sector versus another. Managers with an active approach will consider the prospective impact of tax changes as they conduct their company-specific fundamental analysis.