# Hypothetical BAT impact scenario for import-based firm

## STYLIZED SCENARIO: U.S. APPAREL RETAILER

| | Baseline | Border adj. impact | Net outcome |
|---|---|---|---|
| Revenue | 36,000 | | 36,000 |
| Cost of goods | -15,000 | 1 | -15,000 |
| Other costs | -16,500 | *Imports not deductible* | -16,500 |
| **Taxable income** | **4,500** | **+15,000** | **19,500** |
| *Tax rate* | 35% | 2 -15% | 20% |
| Taxes | -1,575 | *Lower corporate rate* | -3,900 |
| **Net profit** | **2,925** | | **600** |

Note: Assumes all merchandise is imported, all sales in U.S.
Source: BCG model of the impact of a border adjustment tax on a typical large company in this sector based on P&L data from Thompson One and Bloomberg databases and details of the border tax proposal in "A Better Way," a 2016 tax reform plan proposed by Republicans on the U.S. House Ways and Means Committee

# Hypothetical BAT impact scenario for export-based firm

## STYLIZED SCENARIO: U.S. MOTORBIKE PRODUCER

| | Baseline | Border adj. impact | Net outcome |
|---|---|---|---|
| Revenue | 10,000 | | 10,000 |
| Cost of goods | -6,000 | 1 | -6,000 |
| Other costs | -1,000 | *25% exports, tax-exempt* | -1,000 |
| **Taxable income** | **3,000** | **-2,500** | **500** |
| *Tax rate* | 35% | 2 -15% | 20% |
| Taxes | -1,050 | *Lower corporate rate* | -100 |
| **Net profit** | **1,950** | | **2,900** |

Note: Assumes all goods are sourced in U.S., 25% of sales are exports
Source: BCG model of the impact of a border adjustment tax on a typical large company in this sector based on P&L data from Thompson One and Bloomberg databases and details of the border tax proposal in "A Better Way," a 2016 tax reform plan proposed by Republicans on the U.S. House Ways and Means Committee