

PUBLICATION

Next Steps on Tax Reform Expected Later this Fall

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Long a priority of House and Senate Republicans and the White House, expect tax reform to take center stage this fall. Originally, the White House was expected to drive the discussion over tax reform and promised to release a plan earlier this summer. However, according to press reports, it now seems that the so-called "Big Six" tax reform negotiators – including Treasury Secretary Steven Mnuchin, National Economic Council Director Gary Cohn, House Speaker Paul Ryan (R-WI), Senate Majority Leader Mitch McConnell (R-KY), House Ways and Means Committee Chair Kevin Brady (R-TX) and Senate Finance Committee Chair Orrin Hatch (R-UT) – will present a broad outline to the House Ways and Means and Senate Finance Committees later this fall.

Whatever comes out of the tax writing committees is expected to roughly match the July agreement between the White House and Congress that jettisoned Speaker Ryan's proposed border adjustment tax. The July agreement also outlined a vision for tax reform that prioritizes permanent changes to reduce business tax rates, encourages companies to bring repatriate profits stored abroad and allows "unprecedented" capital expensing, or write-offs of major investments.

Takeaway: Speaker Ryan has publicly stated that he believes the House will unveil its tax bill in September. Chairman Hatch has been more reticent to commit to a specific timeline and has instead said the Senate Finance Committee will move forward sometime this fall. Expect possible news to break in the coming days as Majority Leader McConnell is scheduled to meet with the White House to discuss tax reform later today. The White House, however, is playing down expectations, emphasizing that the expected timeline for passage is sometime in 2017 and insisting that President Trump will be personally involved in advocating on behalf of whatever package comes out of the tax writing committees.