

# Federal Tax Policy: 2015 and Beyond

Joe Mikrut  
Capitol Tax Partners, LLP

# Politics and Gridlock??



# Politics and Gridlock (cont.)

# Focus on 2016

Presidential elections

Senate - - GOP 24 seats, 10 Dem. seats

Seven GOP seats in states which Obama has won - - Fla., Iowa, Ohio, Pa., Wisc., N.C., and Ind.

2016 GOP seats were part of 2010 wave

Senate in 2018 - - Dem. seats 24, 8 GOP seats

7-9 toss-ups but only two are GOP seats

# 2015 Must Dos?

Debt limit - - 11/3 to 3/16/17

Leftovers from 2014

Highway - - 10/29 to 11/20

--

CR/Sequestration fix - - Dec.  
11<sup>th</sup> through FY 2017

Ex-Im Bank - - resolved

Trade bill - - in conference

Reconciliation for ACA - -  
pending

Medicare Part B -- fixed

FAA - - March 2016

# Budget Deal

Debt Limit Extension

Raise Sequester Caps

Crop Reinsurance, SPRO sell off, Spectrum sales

Medicare Part B

Pension changes

- PBGC rates

- Interest rate smoothing

- Mortality tables

Partnership changes

- Audits

- Gifts



# Tax Extenders

Senate Finance bill- - over 50 provisions for two years

Current policy plus some policy changes

Offsets

Cost \$84B

House - - handful of provisions permanent (R&D, 179, bonus AFE, CFC look thru, S Corp, charitable, education)

## Possible outcomes?

All Senate items plus a some House and Administration permanent bills

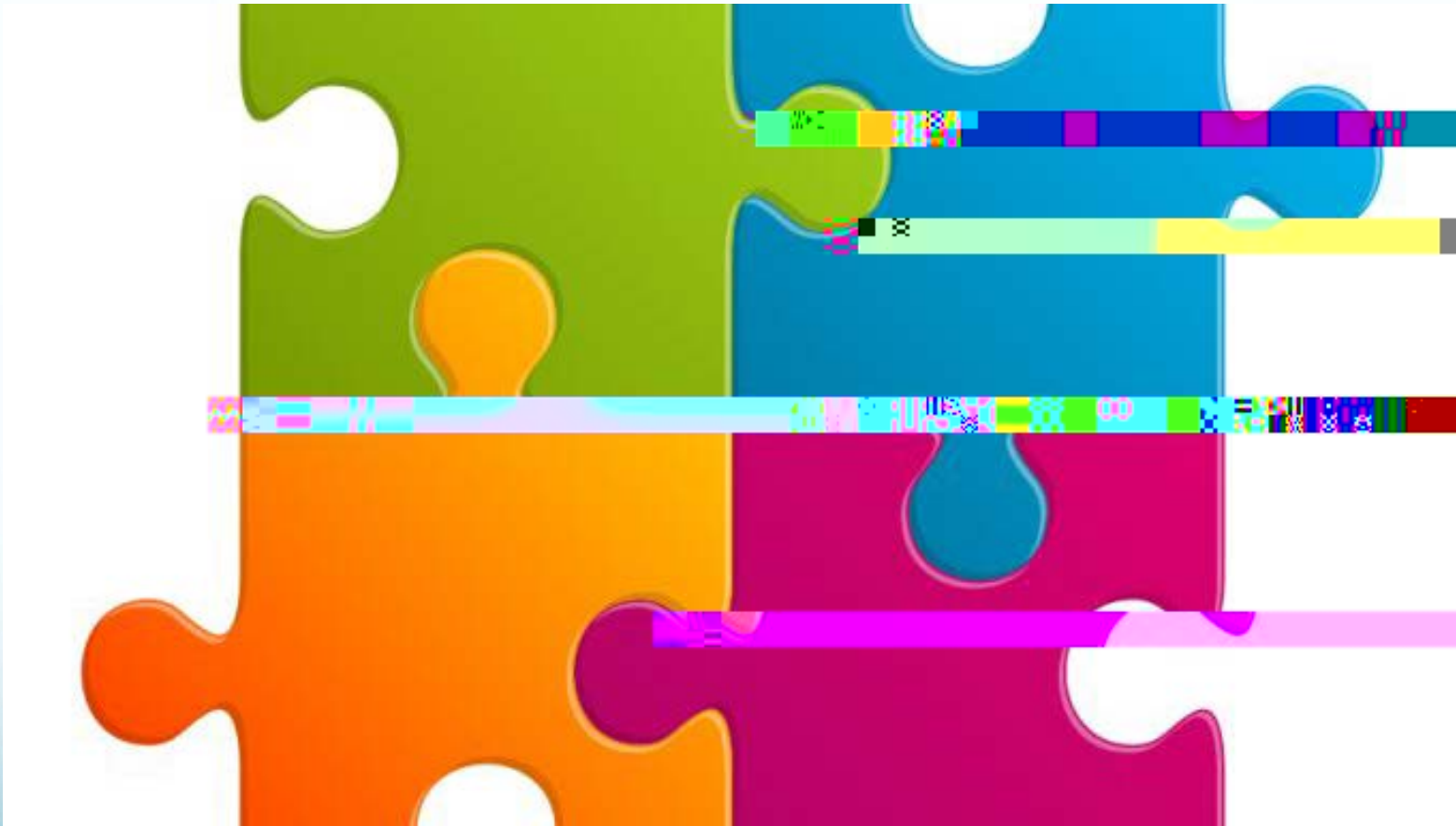
Senate Finance Committee bill

One-year extension

Do nothing



# The Puzzle of Tax Reform



# Drivers of Tax Reform

History

Budgetary situation

Tax rates

International system

Different effective and cash tax rates

Simplification

# The Scope of Tax Reform

- Comprehensive
- Business only
- Corporate only
- International only
- New revenue source (VAT, carbon)

# Conflicts

Individuals v. Business

Corporate v. Pass throughs

Capital Intensive v. Service Oriented

High Tech v. Old School

Domestic v. International

U.S. Based v. Foreign Based Multinationals



# H.R. 1—Camp Proposal

Corporate and Individual Rate Reductions

Territorial System

Domestic Base Broadeners

Revenue Neutrality

Dynamic Scoring

# International Tax Aspects

# Political Dynamics

Presidential Leadership

Speaker Ryan

Senate Leadership

Committee Chairs