



# DECODING TAX REFORM

---

Advising the Advisor

*By Chris Morton, Armstrong Robinson, David Hollingsworth, and Jason Martinez*

**Friday, 1 December 2017**

---

## **Senate Expected to Pass Tax Reform Bill Today**

Senate Republicans are expected to pass their tax reform bill today after voting on a number of amendments.

The House and Senate are expected to begin the Conference process to hash out their differences.

To be clear, Senate leaders had to sidestep a number of landmines to squeeze the tax bill out of the Senate, and a number of challenges remain in conference. Deadlines could slip, and major changes remain a possibility. But make no mistake, Republicans are highly motivated to pass a tax bill despite any obstacles.

We will be sending a more detailed analysis once the vote is complete on the Senate Floor. On a positive note, it appears that an amendment by Senator Tim Scott (R-SC) to address the life insurer reserve issue has been included in the Managers Amendment expected to be adopted later today.

Be sure to look for our latest *Washington Report Marketplace* on Monday breaking down the modified Senate bill and House bill. [Block your calendar now](#) for our Decoding Tax Reform Webinar on Tuesday, December 5 at 11am ET.

## Key Changes to Senate Bill Pending

While details remain in flux, and are subject to change before a final vote, the provisions below are currently in the revised Senate tax bill according to various reports.

- Life Insurance Reserve Issues Fix
- SALT - Adds the House provision of a deduction for property taxes up to \$10K
- Small Business Taxes (Pass-throughs) – Raises the deduction from 17.4% to 23%
- Repatriation – Raises rates to match the House bill – 14% for cash offshore (7% non-cash)
- Retains full corporate AMT, as opposed to full repeal
- Modifies individual AMT, as opposed to full repeal

## House and Senate Tax Bills – Life Insurance Provisions

### COLI/BOLI

- Neither the House, nor the Senate bills included the pro-rata rule from the Camp draft that would have negatively impacted the COLI/BOLI marketplace.

### NQDC

- Both House and Senate have removed the deferred compensation provisions that would have virtually eliminated the market for NQDC plans from the tax bill. We will remain vigilant through the end of this process, but our Ambassadors' leadership was critical to this win for AALU.

## Estate Tax

- House
  - Immediately doubles the estate tax and GST exemptions, and completely repeals the estate tax and GST beginning January 1, 2024.
- Senate
  - Doubles the estate tax, gift, and GST exemptions, but sunsets them after eight years.



---

*Copyright © 2017 AALU, All rights reserved.*

AALU Member

**Our mailing address is:**

AALU  
11921 Freedom Drive  
Suite 1100  
Reston, VA 20190