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Newsire Special Report Series: Navigating the New Administration

With Republicans in control of the Presidency and both Houses of Congress, we expect increased legislative activity this session - including potential movement on comprehensive tax reform, among other items. With so many fast-moving developments that can ultimately impact the life insurance industry, AALU will provide regular policy updates throughout the week to make sure you have the information you need when talking to colleagues and clients during the next few months.

Mnuchin Discusses Tax Reform in First Interview as Treasury Secretary



In his first interview since being confirmed by the Senate, Treasury Secretary Steven Mnuchin said the Trump Administration is working with both House and Senate Republicans to iron out their differences on tax reform. While the goal is to pass major tax reform legislation by the August recess, Mnuchin acknowledged that it is an ambitious timeline and it could slip to later in the year.

On border adjustability, Mnuchin said the Administration is “looking seriously” at the provision, and noted that Treasury has its own concerns about the potential impact on the dollar. He deferred when asked about achieving revenue-neutral tax reform, saying that stronger economic growth should reduce the urgency for any trade-offs while the tax reform package is developed.

[Read the LA Times Article](#)

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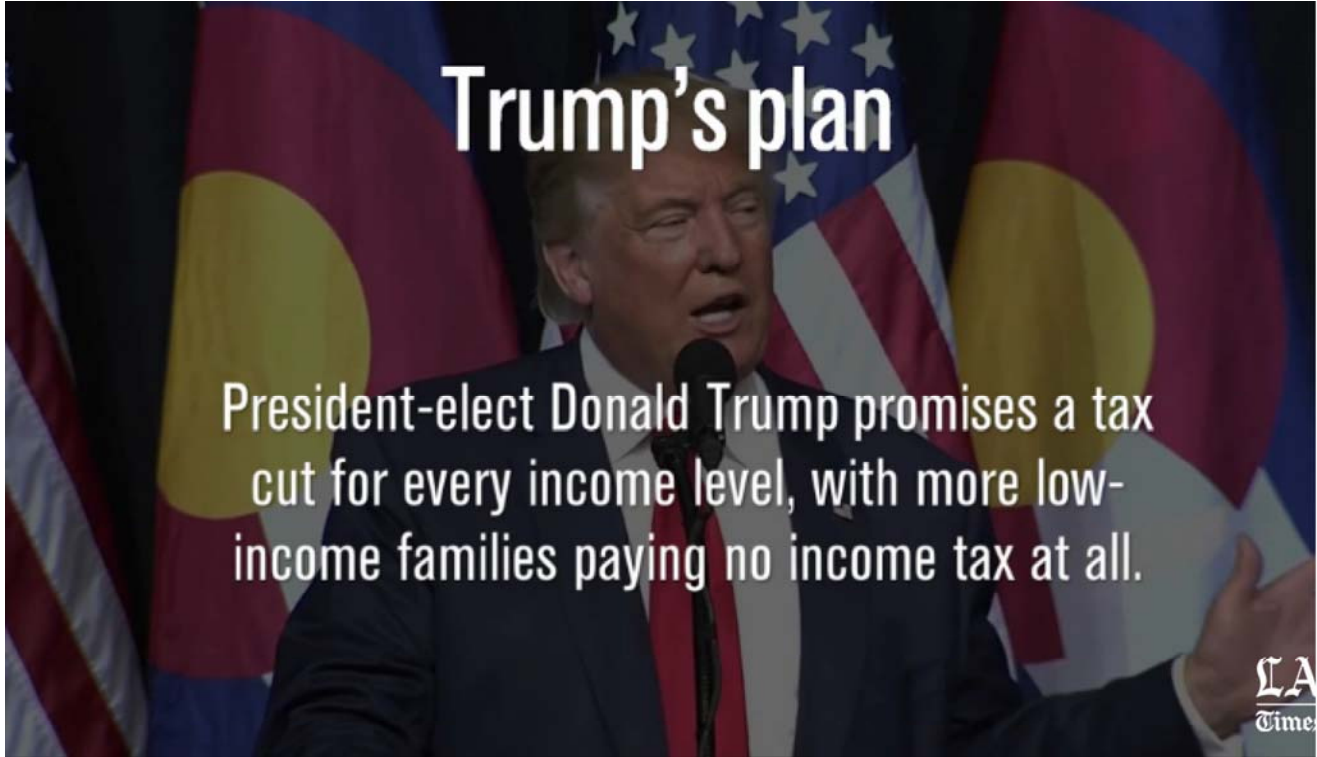
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Mnuchin says Trump tax overhaul could happen by August



Congressional Republicans' goal is to simplify a complicated tax code that rewards wealthy people with smart accountants, and corporations that can easily shift profits — and jobs — overseas.



By **Jim Puzzanghera**

FEBRUARY 23, 2017, 12:10 PM | REPORTING FROM WASHINGTON

The [Trump](#) administration wants to overhaul the tax code by August, Treasury Secretary [Steven Mnuchin](#) said Thursday, laying out an aggressive timetable in his first significant public comments since taking office last week.

In a series of interviews, Mnuchin also said that the stock market rally since President Trump's election was a vote of confidence in the new administration.

And he said he was seriously considering whether the Treasury Department should issue much longer-term securities — maturing in 50 or even 100 years — which could reduce government debt payments by locking in the current low interest rates.

But Mnuchin's first goal is to push for a tax overhaul, which he said is key to boosting economic growth to 3% annually or higher, from the lackluster 2% level in recent years.

“Our economic agenda, the No. 1 issue is growth, and the first most important thing that will impact growth is a tax plan,” Mnuchin said in an [interview](#) with CNBC.

“So we are committed to pass tax reform,” he said. “We want to get this done by the August recess.”

The House and Senate are scheduled to begin their August recesses on July 29.

In an interview with the Wall Street Journal published Thursday, Mnuchin admitted that passing complex tax legislation in less than six months was “an ambitious timeline” that the administration and Congress might not be able to meet.

“It could slip to later this year,” he said.

Mnuchin said the administration wants to cut income taxes for middle-class workers and to simplify and reduce business taxes to make them more competitive with those of other nations.

But Trump hasn't yet submitted a tax proposal to lawmakers, who are working on their own versions of an overhaul. And the two camps appear at odds over a controversial [border adjustment tax](#).

Trump said Wednesday that his tax plan is “very well finalized” but won't be submitted to Congress until after lawmakers attempt to repeal the Affordable Care Act healthcare law.

“Sometime during the month of March, maybe mid- to early March, we'll be submitting something that I think people will be very impressed by,” Trump said of his tax plan before meeting with Mnuchin and other administration officials to talk about the federal budget.

House leaders are pushing for a border adjustment tax, which would subject importers to higher taxes than exporters or those that produce products in the U.S. for domestic consumption.

Large companies that do a lot of exporting, such as the Boeing Co., want a border adjustment tax. But retailers that import a lot of goods, such as [Wal-Mart Stores Inc.](#), oppose it.

Mnuchin said Thursday that the administration was looking at the House plan “very closely.”

“We think there are some very interesting aspects of it. We think there are some concerns about it,” he told CNBC of the border adjustment tax.

Administration officials are talking to business leaders about the proposed tax, Mnuchin said. That outreach included a White House meeting Thursday in which Trump, Mnuchin and other officials talked with chief executives of manufacturing companies.

Trump has touted the increases in the stock market since his election. The Dow Jones industrial average has increased about 14% in what’s been called the Trump rally. Mnuchin pointed to that, as well as the strengthening of the U.S. dollar during that period — both of which extend trends that began earlier in the Obama administration.

“I think this is a huge vote of confidence in the Trump economic plan,” Mnuchin told [Fox Business Network](#).

Asked on CNBC if he viewed the stock market’s reaction to Trump as a report card on the administration’s proposed policies, Mnuchin responded, “Absolutely, absolutely.”

“This is a mark-to-market business and you see what the market thinks,” Mnuchin said, referring to the accounting practice of valuing assets by their current market value.

Some analysts had speculated that Mnuchin might use his first interviews to announce that the Treasury Department would start issuing much longer term debt, as some other nations have done recently. The longest U.S. Treasury bonds now are 30 years.

Extending bond maturities is a bet that rates will rise. You lock in a lower rate, but pay interest over a longer period.

Mnuchin told CNBC that he was not ready to make any formal announcement but “it’s something that we should look seriously at.” He has directed a staff review.

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UPDATES:

12:10 p.m.: This article was updated with additional comments from Mnuchin, including from a Fox Business Network interview.

This article originally was published at 6:10 a.m.

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