



DECODING TAX REFORM

Advising the Advisor

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

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Tax News This Week



Congress on break – The GOP continues its blitz to highlight the benefits of last year's successful tax reform bill. House GOP leaders Paul Ryan and Kevin Brady talked up the new tax law at Southwest Airlines headquarters in Dallas. Southwest was one of several U.S. corporations to announce bonuses as a result of changes made by the Tax Cuts and Jobs Act. Meanwhile, some members and operatives are pushing for legislative action to make permanent the individual tax rate changes made last year. Those changes were

made temporary in the bill as a result of budgetary constraints. Making them permanent at this stage will carry a significant cost, is not likely to be paid for, and there is no expectation of Democratic support.

- [Ryan, Brady tout tax cuts at Southwest Airlines headquarters \(The Hill\)](#)
- [House GOP wants to set a vote to make individual tax cuts permanent \(CNBC\)](#)

Tax cut effects – The outcomes from the Tax Cuts and Jobs Act continue to be mixed this year. Most will see an increase in after tax income, but those at higher income levels are predicted to see larger benefits. The markets have been roiled by threats of a trade war and increased uncertainty from the White House. Of course, as with any significant revision to the tax code, tax lawyers get creative in the application of the new law.

- [The richest Americans get a \\$33,000 tax break under the GOP tax law. The poorest get \\$40. \(Washington Post\)](#)
- [So Far, The TCJA Seems To Be A Modest Plus For The Economy, But Evidence Remains Limited \(Tax Policy Center\)](#)
- [Tax Law Stimulates Lawyers' Creative Juices: Crack & Pack, the 50/50 and more \(WSJ\)](#)

How corporations are using the tax cut – One of the main effects of the TCJA predicted by the GOP was corporations using their tax savings to invest in growth. While dividend levels are at a new record high post-tax reform, there is data to suggest corporations are using around a third of their tax savings on jobs, workers, customers, and communities. One such example is Verizon, which will donate \$400 million over the next five years to improve STEM education.

- [Trump's tax plan should save the largest American companies \\$150 billion - here's how they're spending that money \(Business Insider\)](#)
- [Trump's tax cut windfall lifts stock dividends to new record \(CNBC\)](#)
- [Verizon Is Spending Part of Its Tax Cut to Boost STEM Education \(Fortune\)](#)

States responses – The TCJA made several changes that look likely to affect State tax revenue. The new, lower limit on State and local tax deductions has already spurred responses from several States. In New York, Governor Andrew Cuomo and State lawmakers enacted a bill attempting to preserve as much of their residents' tax deductions as possible. This week, the Center on Budget and Policy Priorities examined a tax provision

in six States – Colorado, Idaho, Minnesota, North Dakota, Oregon, and South Carolina – where changes will be needed if the States do not want to lose personal income tax revenue.

- [Gov. Cuomo tries shielding New Yorkers from GOP tax law, in possible model for Democratic-controlled states \(Washington Post\)](#)
- [How States Should Respond to the Federal Tax Cuts for "Pass-Through" Business Income \(Center on Budget and Policy Priorities\)](#)

Capitol Hill Club–Don't Wait to Register On-Site!



In efforts to make CHC better than ever, we are asking you to register *before* arriving at the Annual Meeting in April. With advance notice, we can schedule you **more meetings**, have **smaller meeting group sizes**, and provide you in advance with **tools and tips** for meeting with Congressional staff. We will be hosting a series of webinars in April to prepare you and make sure you're ready to share your story with Capitol Hill!

[REGISTER TODAY!](#)

Questions?

Call Elizabeth DeMeyere at 202.742.4644

Upcoming Events

Strategies for Success: Decoding Tax Reform | Tuesday, April 24 | 11am Eastern |
Partner, Loeb & Loeb | [Register Here](#)

2018 AALU Annual Meeting | April 29-May 1 | Washington, DC | [Learn More](#)



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