



## DECODING TAX REFORM

Advising the Advisor

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Friday, 24 August 2018

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### Upcoming Webinar!

**Strategies For Success: Decoding Tax Reform:  
Portfolio Stabilization Using Life Insurance**

**Tuesday August 28th | 11am Eastern**

Join us on **Tuesday, August 28th at 11am ET** as **Senior Managing Director Howard Sharfman and Managing Director Leigh Harter of NFP Insurance Solutions** discuss how life insurance can be used to mitigate portfolio volatility. Building off their

Annual Meeting presentation, Howard and Leigh will discuss the evolution and marriage between assets under management (AUM) and life insurance to ensure the best solutions for today's marketplace. Howard and Leigh are both nationally recognized experts with decades of experience in advanced markets, and we hope you can join us for this presentation.

[Register Here](#)

The Senate, legislating through August for the first time in living memory, continued to make bipartisan progress on the nuts and bolts of government. Yesterday, they passed a bill to fund major parts of the federal government including the Departments of Defense and Health.

The Senate Banking Committee advanced nominations for Treasury and SEC positions, among others. Senate Democrats are attempting to use the guilt of Paul Manafort and Michael Cohen in their latest attempt to slow or derail the nomination of Brett Kavanaugh to the Supreme Court.

**Midterm Reminder: There are 74 days until Election Day**

## On the Tax Front

The Treasury Department continues to churn out the regulations implementing the Tax Cuts and Jobs Act (TCJA). This week they released regulations limiting State and local tax deductions (SALT), as well as rules regarding section 162(m) provisions disallowing deductions available to publicly held corporations for certain employees paid over \$1 million annually. Looking forward, our latest intel from the Hill indicates the House will consider Tax Reform 2.0 in September.



- [Treasury Readies Its Punch Back at Blue States' Workarounds on Tax Deduction Cap \(WSJ\)](#)

The Trump Administration released regulations this week addressing responses by high tax States to the new \$10,000 limit on State and local tax deductions. The expectation was that the Treasury would block such work-arounds. In trying to stem the use of newly created tax provisions, though, the regulations could harm similar already existing programs in States like Alabama, Arizona, Georgia, and South Carolina by not distinguishing between the two.

- [Senate GOP Seeks Tax Law Fixes, Including 'Retail Glitch' \(Roll Call\)](#)

Senate Finance Chairman Orrin Hatch spoke this week about fixes to three glitches in last year's TCJA. One issue that had already been identified was the so-called "retail glitch," which prevented retail businesses from taking advantage of the TCJA provision allowing businesses to immediately write off the cost of certain business investments, instead forcing them to deduct those costs over periods as long as 39 years. The two other areas of focus include the effective date for a certain section regarding deductions for net operating losses and the other clarifies that taxpayers receiving payments related to certain sexual harassment or sexual abuse cases should not be prohibited from deducting

the cost of attorney fees.

- [Here's What May Happen to Your Taxes If Democrats Win the House \(Bloomberg\)](#)

Analysts continue to predict a swing towards Democratic control of at least one house of Congress this November. High on the Democrat's list of priorities, should they make such gains, would be rolling back parts of the TCJA changes made last year. Likely options include raising the corporate tax rate, hiking capital gains tax rates, repealing the carried interest break, revising small business taxes, and undoing the new \$10,000 limit on State and local tax deductions. Earlier this year, Democrats signaled that they would look to fund initiatives like infrastructure by raising the corporate tax rate and bringing estate tax rates and thresholds back to pre-TCJA levels.

- [Speaker Paul Ryan's Former Tax Counsel on Prospects for Tax Reform 2.0 \(and more\)](#)

While Mr. Callas describes the limited likelihood of making 2.0 law this Fall, he precisely notes why moving a bill through the House has important implications on future tax legislation.

### **Upcoming Events**

- **Strategies For Success: Decoding Tax Reform: Portfolio Stabilization Using Life Insurance** | August 28, 2018 | 11am Eastern | [Register Here](#)
- **WIFS 2018 National Conference: Come see Suzy Jacobs, Senior Vice President of Business Development & Marketing, speak on the Leading the Way: An Industry Perspective panel.** October 24 - 26, 2018 | Use promo code **AALU18** when registering to receive the WIFS member rate. [Register Here](#)



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AALU Member

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