



DECODING TAX REFORM

Advising the Advisor

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Friday, 2 February 2018

Bottom Line, Up Front

This week, Congressional Republicans headed to West Virginia for a retreat to establish their priorities for 2018. Democrats will have their own planning retreat next week. Among the GOP's expected topics are infrastructure, immigration, government funding, welfare and healthcare reform, and the 2018 election.

The current government funding bill expires on February 8th. Republicans have expressed confidence about avoiding a government shutdown, and their current plan is to pass another short-term spending bill that would expire on March 23rd. Some Democrats will have to support a solution to avoid a shutdown. Spending levels on defense and domestic priorities, as well as immigrations and a solution for Dreamers (DACA), continue to impede a longer-term spending deal.

The outlook for additional tax legislation in 2018 remains unclear. A technical corrections bill and a possible extenders vehicle remain possibilities.

- **AALU will continue to provide detailed analysis of the tax reform bill, including an exploration of marketplace opportunities.** See below for

previous tax analysis, including *WR Marketplace* 18-05—the latest installment of our pass-through series focused on the advisability of converting to a C Corp under the new tax regime.

- [Read WRM 18-05](#): Decoding Tax Reform: Pass-Through Entities Part 2 – Considerations in Converting to a C Corporation.
- [Read WRM 18-04](#): Decoding Tax Reform: Pass-Through Entities Part 1 – The 20% Deduction for Qualified Business Income.
- [Read WRM 18-03](#): Decoding Tax Reform: Grantor vs. Nongrantor Trusts – Which Way Do I Go?
- [Read WRM 17-50](#): Decoding Tax Reform: Tax Legislation Headed for Enactment – Initial Insights
- [Read WRM 17-51](#): Decoding Tax Reform: The Transfer Tax Impact
- **We welcome your questions and ideas about future subjects you would like to see covered in depth. Please reach out any time at 202.742.4638 or taxreform@aalu.org.**

Tax News This Week



- [Dems Vow to Repeal Parts of GOP Tax Law](#)
Democrats are vowing to undo parts of the GOP's tax-code overhaul if they win back control of the House in November, hoping [President Trump](#)'s first major domestic achievement will be a liability for the Republicans in the midterm elections.

- [Charity Funds Take Off as Tax Law Reshapes Giving](#)
Americans late last year poured money into charitable-giving vehicles known as donor-advised funds, which allow immediate tax deductions but gradual distributions to nonprofits—a sign of ways the new tax law could reshape how Americans donate money for years to come.
- [California Senate Passes Tax Workaround Bill](#)
California’s attempt at circumventing a key piece of [President Donald Trump’s tax plan](#) cleared its first major hurdle Tuesday, when the state Senate approved legislation allowing residents to pay taxes through a federally deductible, state-run charity.
- [3 Governors Say They Will Sue Feds Over New Tax Law](#)
The governors of New York, New Jersey and Connecticut said Friday they are forming a coalition to sue the federal government over the newly enacted tax overhaul that caps deductibility of state and local taxes.
- [U.S. Treasury Secretary Mnuchin Urges Congress to Raise Debt Ceiling as Another Shutdown Looms](#)
The Congressional Budget Office on Wednesday moved up its projection for when the Treasury will likely run out of cash to the first half of March, citing lower government revenues after the Republican overhaul of the U.S. tax system in December.
- [Tucked Into the Tax Bill, a Plan to Help Distressed America \(New Investment Opportunities\)](#)
The law creates “Opportunity Zones,” which will use tax incentives to draw long-term investment to parts of America that continue to struggle with high poverty and sluggish job and business growth.



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