



DECODING TAX REFORM

Advising the Advisor

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Bottom Line, Up Front

Congress passed a fourth stopgap spending bill for the 2018 fiscal year early this morning after a brief shutdown that lasted just hours. The bill boosts federal spending for both military and domestic programs by almost \$300 billion, including \$90 billion in disaster aid, and runs for six weeks until March 23. The bill also includes a tax title with fifty tax provisions, a combination of tax extenders (for the 2017 tax year) and a handful of items that could not be included in the Tax Reform bill under reconciliation rules. You can log into your AALU account to [access the full list here](#). In addition, it resolves the debt limit through March 1, 2019.

The tax title was added to the package mostly at the insistence of the Senate. The House Ways & Means Committee plans to dedicate part of its time in 2018 to reviewing whether any of these provisions are necessary under the new regime established by the Tax Cuts & Jobs Act. For example, several of the extenders involve special expensing rules. But, the 'new' code provides 100% expensing across the board, meaning that those special provisions are not necessary.

Tax Reform Implementation

- While most businesses cheered the elimination of the Corporate AMT, some are now smarting over an unintended consequence. Corporations that had previously paid the AMT received tax credits that could be used to reduce future taxable income. Now those credits will become refunds for businesses. The problem? Payments where "certain tax credits exceed liability for corporate tax" are on the list of items that get hit by automatic sequestration cuts, meaning companies could see a 6.6% reduction in their refund.
- The IRS has promised guidance on several issues created by tax reform, including interest expense limitations, withholding, dispositions of partnership interests, and transfer taxes. While regulatory officials have stressed these updates as a priority, the form of that guidance has yet to be revealed.
- Regulators at the IRS and Treasury Department are updating plans for pass-through taxation to ensure that certain businesses and individuals are not paying lower taxes than intended. Grouping together or splitting apart diverse businesses and classification as a "service business" are several of the things regulators are examining.

Tax News This Week



- [House Passes Deal to End Shutdown](#)
- [Potential Trump Tax Loophole for Pass-Through Businesses](#)
- [Tax Cut, Bonuses for Workers? Many Businesses Not Sure Yet](#)
- [In Wake of Trump Tax Bill, Companies Have Raced to Buy Back Their Own Stock](#)
- [Malloy Pitches Plan To Protect Connecticut Taxpayers From Loss Of Deductions](#)
- [Allstate CEO Says Tax Overhaul Frees Up Half-Billion in Profit](#)
- [Cool Hand Brady: How Tax-Writer Helped Usher Tax Bill to Passage](#)



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