



DECODING TAX REFORM

Advising the Advisor

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Beyond the Headlines



The IRS and Treasury's Office of Tax Policy said that implementing the Tax Cuts and Jobs Act (TCJA) would be its top priority for FY 2019. The top 17 regulatory priorities include guidance on the new 20% deduction for pass-through business owners and guidance on

the computation of estate and gift taxes to reflect changes in the basic exclusion amount. Many of the items had already been singled out in the IRS's priority guidance plan.

With the election less than three weeks away, Democrats remain the favorites to take control of the House, while Republicans are favored to retain the Senate. The election results will have a significant impact on the lame duck agenda.

A technical corrections bill addressing changes made by last year's Tax Cuts and Jobs Act (TCJA) is expected to be released around the second week of November. It is still unclear whether Democrats will play ball, but House Ways and Means Chairman Kevin Brady (R-TX) indicated he is willing to cut a deal with his colleagues across the aisle in order to push the bill through to passage.

One issue that holds bipartisan, bicameral support is retirement savings. The House and the Senate are currently working to iron out their differences on the Retirement Enhancement and Savings Act (RESA), but it is unclear whether we will see any movement on this legislation in the lame duck session. Democrats may want to wait until 2019 to push this issue if they take the House. Rep. Richard Neal (D-MA) is in line to be chairman of the Ways and Means Committee if the Democrats retake the House. Bloomberg Government reported this week that he wants to "go hard" on retirement issues should he hold the gavel, and he noted that protecting Social Security and moving a large infrastructure package were among his top priorities.

Midterm Elections

- [The Trump tax cuts were supposed to be a big win for the GOP – but now they might not be enough to save the Republican House majority \(CNBC\)](#)

Many expected Republicans to lead their midterm messaging with last year's tax bill. But, holding less than a 50% approval rate, Democrats are using the tax laws poll numbers in attack ads highlighting negative effects from the TCJA changes.

- [How Republicans could \(barely\) hang on to the House \(Politico\)](#)

While the outlook for Republicans in the House is less than ideal, a surge in conservative voter enthusiasm has their prospects looking up. Several races that were viewed as unwinnable look more competitive after the confirmation of Brett Kavanaugh to the Supreme Court gave GOP voters an energy boost. Some are also referencing the 2016 election results that defied the majority of polls.

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