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Treasury Department Removes Inside Buildup from Its Tax Expenditure List

Yesterday the Treasury Department removed inside buildup from its tax expenditure list, following the lead of the Joint Committee on Taxation (JCT), the Congressional scorekeeper that removed inside buildup from its tax expenditure list in December of 2015.

AALU commends the Treasury Department for this decision, which is consistent with the provisions of the Congressional Budget and Impoundment Act of 1974. It is our view that life insurance is taxed appropriately, with no provision in the Tax Code exempting or deducting inside buildup from gross income or imposing a preferential rate on gains actually received.

As with the JCT decision, this is an important change and is consistent with AALU's longstanding position—first raised publicly at our 2013 Annual Meeting.

While significant, challenges do remain. While the Treasury Department removed inside buildup from its tax expenditure list like the JCT, it added the exclusion of life insurance death benefits as a tax expenditure with a revenue score of \$203.5 billion over 10 years. As with inside buildup, the current tax treatment of life insurance death benefits is

appropriate, and we will work with our partners in the life insurance industry to continue to educate policymakers about the proper tax treatment of life insurance products in the context of tax reform.

[Read the Treasury Report](#)



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