

Tax Reform: How We Got Here and What's Next

Congressional Republicans are close to achieving their long-awaited goal of reforming the Internal Revenue Code to reduce the corporate income tax rate and move the US tax regime to a territorial system for multinational companies. **Here is a brief look at the recent proposals that have led up to this point and what remains to be done.**

June 24, 2016

The House Ways and Means Committee released its comprehensive tax reform blueprint, proposing a 20% corporate tax rate, full and immediate expensing, a border adjustment tax on imports (with exemption of tax on exports), a territorial system and a deemed repatriation tax.

July 27, 2017

The White House, Treasury Department, Senate Finance Committee and House Ways and Means Committee issue a joint statement on tax reform, proposing to lower taxes, encourage companies to bring jobs and earnings back to the US and to provide immediate expensing. They also specifically abandon the House blueprint's border adjustment tax.

November 2, 2017

Statutory language of H.R. 1, the Tax Cuts and Jobs Act is released.

November 16, 2017

The House passed H.R. 1, the Tax Cuts and Jobs Act.

December 1, 2017

The Senate passed its version of the Tax Cuts and Jobs Act.

RECENT STORY OF TAX REFORM

December 11, 2014

David Camp released the Tax Reform Act of 2014, proposing to reduce the corporate rate and eliminate most deductions and credits. On the international side, it proposed a territorial system with a deemed repatriation tax on all offshore earnings.

July 7, 2015

A working group of the Senate Finance Committee released a bipartisan report on international tax reform, proposing a territorial system, a minimum tax on certain income to avoid base erosion and a deemed repatriation tax.

April 26, 2017

President Trump released his 2017 Tax Reform for Economic Growth and American Jobs, proposing a 15% business tax rate, a territorial system, a one-time tax on unrepatriated earnings and the elimination of tax expenditures.

September 27, 2017

Republicans release a Unified Tax Reform Framework, proposing a corporate rate of 20%, expensing of capital investments, a territorial system, a deemed repatriation tax and rules to level the playing field between US and foreign corporations.

November 16, 2017

The Senate Finance Committee passed its version of the Tax Cuts and Jobs Act, advancing the bill to the Senate floor for consideration.

What's Next?

- After the Senate bill passes, the differences between the Senate and the House bills will need to be reconciled, either by a formal conference committee or by a "ping pong" process that eventually results in both chambers approving the same bill text.
- After the bill passes both chambers, President Trump can sign the bill into law.