

2017

# Tax Reform: Technical Summary Outline

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## Repository Citation

Migdail, Evan M., "Tax Reform: Technical Summary Outline" (2017). *William & Mary Annual Tax Conference*. 762.  
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**WILLIAM AND MARY TAX CONFERENCE  
NOVEMBER 10, 2017**

**TAX REFORM: TECHNICAL SUMMARY OUTLINE**

**Evan M. Migdail**

(As of October 11 no detailed tax reform has been released; this outline is based on the reform Framework that was released on September 27, 2017 by the “Big 6” negotiators).

- **Key Reform Principles:** (1) middle class tax relief; (2) simplicity in filing; (3) tax relief for business, especially small business; (4) ending incentives to ship jobs, capital, and tax revenue overseas; and (5) broadening the tax base and providing greater fairness by closing special interest loopholes.
  
- **Individual Provisions:** (1) standard deduction doubled to \$24,000 joint return; \$12,000 single filers, and the personal exemptions and dependent deductions are eliminated; (2) three rates, 12%, 25%, and 35% (possible new higher rate for wealthy taxpayers); CTC increase; (3) individual AMT is repealed; (4) most itemized deductions are repealed, but the mortgage interest and charitable deductions are kept; (5) benefits that encourage work, higher education, and retirement security are retained; (6) most other tax expenditures are eliminated (no list of these); and (7) the estate and generation-skipping transfer taxes are eliminated.
  
- **Business Reform:** (1) rate on pass-thru income is 25% with measures to prevent abuse; (2) corporate rate reduced to 25% (possibly phased-in); (3) corporate AMT eliminated; (4) possible corporate integration provisions; (5) full expensing for at least five years; (6) interest expense “limited”; (7) section 199 eliminated; (8) research and low-income housing credits kept; others could be retained subject to budget considerations; (9) modernization of tax regimes affecting specific industries.
  
- **International Reform:** (1) worldwide system replaced with 100% exemption for dividends paid to US parent companies from abroad; (2) deemed repatriation tax; (3) global minimum tax; and (4) level playing field between US-headquartered parent companies and foreign-headquartered parent companies.
  
- **Budget Reconciliation:** Process provides for passage with a simple majority in the Senate but requires offsets; Senate budget resolution, the legislation that starts the reconciliation process, allows an unpaid-for (out of debt) \$1.5 trillion tax cut. Offset could come from all areas of tax code.
  
- **Possible Fall-Back Plan B:** Simple \$1.5 trillion individual tax cuts enacted in the spring with no structural changes or comprehensive reform.

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