



Tax

## Tax News & Views Capitol Hill briefing.

March 4, 2016

### In this issue:

Hatch takes the long view on release of corporate integration proposal.....	1
House tax reform task force holds first meeting.....	2

---

### Hatch takes the long view on release of corporate integration proposal

Senate Finance Committee Chairman Orrin Hatch, R-Utah, this week dialed back expectations for the near-term rollout of his corporate integration proposal, saying “it’s going to take a few more months.” Hatch told reporters on March 2 that he’d like to introduce a corporate integration plan during May but that the timing will depend on the Joint Committee on Taxation’s analysis of the proposal’s revenue impact.

The plan Hatch is developing is expected to give corporations a deduction for dividends paid out to shareholders, in order to prevent double taxation. He recently said he believes such a change would lower the effective tax rate for corporations – while deterring further corporate inversions and foreign corporate takeovers – and may be less challenging to accomplish than a statutory corporate rate cut, making it a possible interim fix as taxwriters pursue comprehensive tax reform. (For prior coverage, see *Tax News & Views*, Vol. 17, No. 9, Feb. 26, 2016.)

**URL:** [http://newsletters.usdbriefs.com/2016/Tax/TNV/160226\\_1.html](http://newsletters.usdbriefs.com/2016/Tax/TNV/160226_1.html)

When he originally announced his intention to draft the proposal in January, Hatch said he hoped to roll it out within weeks. But in his latest remarks he called his proposal “a brand-new approach towards taxation” and stated that “it’s going to be pretty hard for us to get all of the ins and outs on it before May.”

The issue of corporate integration has been under study at the staff and member levels in the Finance Committee in recent years. The *Finance Committee Staff Report on Comprehensive Tax Reform for 2015 and Beyond* (prepared by the panel’s GOP staff and released in December of 2014) includes an extensive discussion of corporate integration which generally argues that publicly traded entities should be taxed at the entity level, while other business entities should be taxed at the individual level. The report explores ways that this could be

achieved through a dividend exemption or deduction system. (For prior coverage, see *Tax News & Views*, Vol. 15, No. 39, Dec. 12, 2014.)

[URL: http://www.finance.senate.gov/imo/media/doc/91797.pdf](http://www.finance.senate.gov/imo/media/doc/91797.pdf)

[URL: http://newsletters.usdbriefs.com/2014/Tax/TNV/141212\\_3.html](http://newsletters.usdbriefs.com/2014/Tax/TNV/141212_3.html)

A July 2015 report from the Finance Committee's bipartisan working group on business tax reform (co-chaired by Sens. John Thune, R-S.D., and Ben Cardin, D-Md.) includes a discussion of "partial corporate integration," in which undistributed income would be taxed at the corporate level and income distributed to shareholders would be taxed only once. Noting the numerous challenges in each of the options the working group considered, the report does not endorse any specific corporate integration proposal. (For prior coverage, see *Tax News & Views*, Vol. 16, No. 23, July 10, 2015.)

**URL:**

<http://www.finance.senate.gov/imo/media/doc/The%20Business%20Income%20Bipartisan%20Tax%20Working%20Group%20Report.pdf>

[URL: http://newsletters.usdbriefs.com/2015/Tax/TNV/150710\\_1.html](http://newsletters.usdbriefs.com/2015/Tax/TNV/150710_1.html)

— Storme Sixeas  
Tax Policy Group  
Deloitte Tax LLP

---

## House tax reform task force holds first meeting

The new House Task Force on Tax Reform, led by Ways and Means Committee Chairman Kevin Brady, R-Texas, this week released its mission statement and held its inaugural meeting.

[URL: http://www.speaker.gov/general/task-force-tax-reform-releases-mission-statement](http://www.speaker.gov/general/task-force-tax-reform-releases-mission-statement)

The task force is one of six established last month by Speaker Paul Ryan, R-Wis., with the intention of developing a "pro-growth" agenda for the House Republicans. (The other five will focus on national security; reducing regulatory burdens; health care reform; poverty, opportunity, and upward mobility; and restoring constitutional authority.) The groups are led by House chairmen from committees of jurisdiction, but the speaker envisions a "bottom up" approach with active participation by rank-and-file members who may not be on the relevant committees. (For prior coverage, see *Tax News & Views*, Vol. 17, No. 6, Feb. 5, 2016.)

[URL: http://newsletters.usdbriefs.com/2016/Tax/TNV/160205\\_2.html](http://newsletters.usdbriefs.com/2016/Tax/TNV/160205_2.html)

About 20 nontaxwriters reportedly attended the tax reform panel's kickoff meeting on March 2, although details of what was discussed have not been released.

The specific mission of the tax reform task force, which Brady made public ahead of the meeting, is to "create jobs, grow the economy, and raise wages by reducing rates, removing special interest carve-outs, and making our broken tax code simpler and fairer." The mission statement also identifies six principles for tax reform, including (1) making the tax code "simpler, fairer, and flatter"; (2) reducing rates by eliminating "loopholes," as well as unnecessary deductions, exclusions, and credits; (3) providing a competitive tax rate for all businesses regardless of whether they operate as C corporations or passthroughs; (4) making US businesses competitive internationally and reducing "the tax penalty for bringing overseas

earnings home to invest in America”; (5) promoting economic growth; and (6) preventing the tax code from being used to “bail out Washington’s spending problem.”

Speaker Ryan has not publicly set a specific deadline for the task forces to complete their work, and has so far said only that the groups would flesh out the Republican agenda and present it to the country “in the months ahead.”

## **Brady beats back primary challenge**

In other House news, Ways and Means Chairman Brady faced three Republican challengers in his Texas district primary on March 1 but received a majority of the votes – over 53 percent – and avoided the possibility of a runoff primary in May.

Brady is running unopposed for his House seat in the November general election.

— Storme Sixeas  
Tax Policy Group  
Deloitte Tax LLP

### **Have a question?**

If you have needs specifically related to this newsletter’s content, send us an email at [clientsandmarketsdeloittetax@deloitte.com](mailto:clientsandmarketsdeloittetax@deloitte.com) to have a Deloitte Tax professional contact you.

### **About Deloitte**

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.com/about](http://www.deloitte.com/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms. Please see [www.deloitte.com/about](http://www.deloitte.com/about) for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.

### **Disclaimer**

This publication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or its and their affiliates are, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your finances or your business. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. None of Deloitte Touche Tohmatsu Limited, its member firms, or its and their respective affiliates shall be responsible for any loss whatsoever sustained by any person who relies on this publication.