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## Ways and Means Republicans release detailed tax reform proposal

House Ways and Means Committee Republicans unveiled a tax reform legislative draft November 2 that, among other things, calls for ambitious cuts to tax rates for corporations, passthrough entities, and individuals; a more generous expensing regime; significant increases to the individual standard deduction and the child tax credit; repeal of the estate tax and the individual alternative minimum tax; and a shift to a territorial system for taxing foreign-source income of US multinationals.

[URL: https://waysandmeansforms.house.gov/uploadedfiles/bill\\_text.pdf](https://waysandmeansforms.house.gov/uploadedfiles/bill_text.pdf)

The release had been set for November 1 but was delayed by one day as Ways and Means Chairman Kevin Brady, R-Texas, and his staff made last-minute modifications to the package to address certain issues raised by some Republican members of the panel.

The Ways and Means proposal – formally known as the Tax Cuts and Jobs Act (TCJA) – largely mirrors the objectives outlined in the unified tax reform framework released by the “Big Six” negotiating team of congressional Republican leaders and White House officials in September. Unlike the framework, however, the TCJA includes specific details on how the tax relief provisions would operate. Moreover, it lays out the policy tradeoffs that will be necessary to pay for the tax relief provisions – which according to unofficial estimates could cost several trillion dollars over 10 years – within the fiscal parameters of the recently approved unified budget resolution for fiscal year 2018 which affords budget reconciliation protections to a tax bill that increases the federal deficit by up to \$1.5 trillion (net) over 10 years. (Reconciliation allows legislation that meets certain strict parliamentary and procedural rules to move through the House and Senate with simple majority votes, making it a powerful tool for Republicans who control 52 Senate

seats, short of the three-fifths majority – that is, 60 votes – normally needed to advance legislation under regular order in that chamber.)

### **Explanatory materials also available**

In addition to the legislative language, House GOP taxwriters have provided a section-by-section summary of the proposal.

**URL:** [https://waysandmeansforms.house.gov/uploadedfiles/tax\\_cuts\\_and\\_jobs\\_act\\_section\\_by\\_section.pdf](https://waysandmeansforms.house.gov/uploadedfiles/tax_cuts_and_jobs_act_section_by_section.pdf)

### **Next step: Mark-up to begin November 6**

Ways and Means Committee Chairman Brady has indicated that despite the delay in the initial release, his panel remains on track to take up the TCJA and consider possible amendments beginning on November 6 – a process that he expects to last for several days and will play out mostly during regular working hours.

Brady anticipates a static revenue estimate from the Congressional Budget Office and the Joint Committee on Taxation before the mark-up or as it begins, and a dynamic score – reflecting macroeconomic feedback from the proposed reforms – after the bill is approved by Ways and Means.

He currently expects that the measure will receive a vote on the House floor during the week of November 13.

### **Analysis from Deloitte Tax on the way...**

Deloitte Tax LLP will provide a detailed summary and comments in a special edition of *Tax News & Views* later this week after we have reviewed this large and comprehensive proposal.

— Jon Traub  
Managing Principal, Tax Policy  
Deloitte Tax LLP

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