In this issue:

New members join Ways and Means, Finance panels

House Ways and Means Committee Republicans this week were set to welcome a new taxwriter to replace a departing colleague and Senate Finance Committee Democrats won an additional slot on their roster to reflect recent changes in the Senate headcount.

Ways and Means

Rep. Darrin LaHood, R-Ill., was named to the House Ways and Means Committee to fill the opening created by the pending midsession retirement of Ohio taxwriter Pat Tiberi.

LaHood joined the House in September 2015, replacing Republican Aaron Schock, who resigned amidst questions surrounding his use of public and campaign funds. (Schock was serving on the Ways and Means Committee at the time of his resignation.)

In a statement, LaHood said he will use his position on Ways and Means to "continue advocating for central and west-central Illinois on many issues important to the 18th District and my constituents, including tax policy, making health care more accessible and affordable, free and fair trade, and protecting entitlement programs for current and future seniors."

Subcommittee shuffle: Tiberi officially leaves Congress on January 15 to head up the Ohio Business Roundtable. His departure also set off a reshuffling of the Ways and Means subcommittee chairmanships, announced on January 10 by Chairman Kevin Brady, R-Texas.

Tiberi's Health Subcommittee gavel has been taken up by Rep. Peter Roskam of Illinois, who in turn handed leadership of the Tax Policy Subcommittee over to Rep. Vern Buchanan of Florida. Buchanan has been heavily engaged in the past on efforts to restructure the IRS and has said he plans to continue that work this year.

Rep. Lynn Jenkins of Kansas – who is retiring at the end of the current session – replaces Buchanan as chair of the Oversight Subcommittee.

A complete list of subcommittee assignments for the remainder of the 115th Congress is available on the Ways and Means Committee website.
URL: https://waysandmeans.house.gov/brady-announces-updated-115th-congress-ways-means-republican-member-subcommittee-assignments/

Finance Committee rebalancing

Across the Capitol, meanwhile, Senate Minority Leader Charles Schumer, D-N.Y., announced January 9 that Sen. Sheldon Whitehouse of Rhode Island has been added to the Democratic roster on the Finance Committee. The appointment of Whitehouse brings the headcount on the Finance panel to 14 Republicans and 13 Democrats (it was previously 14 Republicans and 12 Democrats) and reflects the GOP's narrower margin of control in the Senate now that Democrat Doug Jones, who won a special election late last year to fill the Alabama Senate seat that had been vacated by now Attorney General Jeff Sessions, has been sworn into office. (Republicans now hold 51 seats in the Senate while the Democrats hold 49.)

In a statement following the announcement, Whitehouse said he will use his new role to advocate for "protecting Social Security and Medicare," "making our tax code fairer," "improving how we deliver health care," and "battling climate change."

Womack replaces Black as House Budget Committee leader

Also this week, Rep. Steve Womack of Arkansas was selected to chair the House Budget Committee. He succeeds Rep. Diane Black, R-Tenn., who is stepping down from the leadership position to focus on her upcoming gubernatorial campaign.

Womack will be the committee's third chairman in three years. (Black's predecessor, Tom Price, left Congress in early 2017 to become President Trump's first Secretary of Health and Human Services.) But Womack may not hold the chairmanship for very long, either, as he is in line for an Appropriations "cardinalship" – that is, a chairmanship of one of the powerful Appropriations subcommittees – if Republicans retain control of the House after the 2018 midterm elections.

A member of the conservative Republican Study Committee, Womack is expected to focus on cutting mandatory spending.

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Tax reform bulks up JCT's expiring provisions list

The list of expired and expiring tax provisions for 2016-2027 (JCX-1-18) released by the Joint Committee on Taxation (JCT) staff January 9 shows that the number of tax "extenders" has expanded by some 40 percent compared to the period from 2016-2026, due mainly to the addition of some two dozen new temporary provisions included in the tax reform legislation that President Trump signed into law last month.
URL: https://www.jct.gov/publications.html?func=startdown&id=5057

The JCT's latest list numbers 82 provisions (up from 58 last year), with the biggest increase coming with respect to items expiring in 2025, the year that most of the individual tax provisions in the 2017 tax reform act – such as lower rates for individuals and owners of passthrough entities, the expanded child tax credit, the increased standard deduction, and increased exemption amounts for the estate tax – are scheduled to sunset.

Reconciliation constraints breed tax reform extenders

When they moved their last major extenders package (the Protecting Americans Against Tax Hikes Act) in 2015, congressional Republicans made a number of provisions permanent, extended some for several years, and allowed others to expire – all done with an eye toward simplifying the tax code and paving the way for fundamental tax reform. But when they moved tax reform legislation under fast-track budget reconciliation protections in 2017, Republicans opted to make most of the provisions on the individual side of the code temporary to keep the 10-year cost of the final package within the parameters of the fiscal year 2018 congressional budget resolution – that is, a net tax cut of no more than $1.5 trillion – and to comply with Byrd Rule restrictions in the Senate that prohibit budget reconciliation measures from increasing federal deficits outside the 10-year budget window.

House Ways and Means Committee Chairman Kevin Brady, R-Texas, told reporters January 8 that he hopes to make many of these provisions permanent rather than subjecting them to renewal every few years as part of the extenders process, but he acknowledged that could be difficult to accomplish without Democratic support. (Democrats in the House and Senate voted in lockstep against the tax reform legislation.)

No clear timetable for addressing 2016 extenders

Meanwhile, GOP leaders have yet to announce a plan for addressing the 30-plus temporary provisions – including, among other things, the investment tax credits under section 48 for combined heat and power property, fuel cell property, small wind property, and geothermal property – that expired at the end of 2016, or the suspension of the medical device excise tax, which expired at the end of last year.

Senate Finance Committee Chairman Orrin Hatch, R-Utah, introduced legislation (the Tax Extender Act of 2017) last month that generally would retroactively extend most of the 2016 expired provisions through the end of this year. (Hatch's bill does not address the medical device tax.)

Finance Committee member John Thune, R-S.D., told reporters earlier this week that he believes the extenders will be attached to some other legislation in the near future.

"I just think there's enough interest on both sides that eventually we'll handle that; the question is not if, but when." Thune said it was possible these extenders would be attached to the next short-term continuing resolution (CR) to fund government operations. (The current CR expires on January 19.)

For his part, Ways and Means Chairman Brady told reporters this week that linking extenders to a government funding bill was unlikely but added that the possibility could not be ruled out.

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IRS releases updated income tax withholding tables

The Internal Revenue Service on January 11 released Notice 1036, which updates the income tax withholding tables for 2018 to reflect changes made by the major tax legislation enacted last month.
URL: https://www.irs.gov/pub/irs-pdf/n1036.pdf

The updated withholding information shows the new rates for employers to use during 2018. According to an IRS news release, "employers should begin using the 2018 withholding tables as soon as possible, but not later than February 15, 2018," and "should continue to use the 2017 withholding tables until implementing the 2018 withholding tables."

The new withholding tables are designed to work with the Forms W-4 that employees currently have on file with their employers to claim withholding allowances; however, the IRS also is developing a new Form W-4 that “can be used by employees who wish to update their withholding in response to the new law or changes in their personal circumstances in 2018, and by workers starting a new job,” the release said.

The Service also released a frequently-asked-questions document providing additional information about the updated withholding tables.
URL: https://www.irs.gov/newsroom/irs-withholding-tables-frequently-asked-questions

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