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## Ryan promises House vote on permanent individual tax cuts

Talk of a possible second round of tax cuts became louder this week as House Speaker Paul Ryan, R-Wis., declared on April 17 that his chamber will vote later this year on legislation that would make permanent the various tax relief provisions on the individual side of the code that were enacted in last year’s sweeping tax reconciliation bill (P.L. 115-97) and are currently set to expire at the end of 2025.

When Republican congressional leaders moved the 2017 tax cut legislation under fast-track budget reconciliation protections, they opted to make most of the provisions benefiting individuals 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. Almost all of the corporate provisions in the legislation were enacted on a permanent basis.

The legislation Ryan intends to take up – the Permanent Tax Cuts for Americans Act (H.R. 4886), introduced by Illinois Republican Rep. Rodney Davis – would set the new law’s individual and corporate provisions on an equal footing by permanently extending, among other things, the lower marginal rates, the increased thresholds for the individual alternative minimum tax, the increased standard deduction amounts, and the expanded child tax credit, as well as the

increased exemption for the estate and gift tax and the deduction for qualified business income for passthroughs under section 199A.

House Ways and Means Committee Chairman Kevin Brady, R-Texas, told reporters in January that he hoped to make many of these provisions permanent rather than subjecting them to renewal every few years as part of the extenders process. (For prior coverage, see *Tax News & Views*, Vol. 19, No. 2, Jan. 12, 2018.) More recently, Brady and President Trump appeared to set a more specific goal of action in 2018. (For prior coverage, see *Tax News & Views*, Vol. 19, No. 10, Mar. 16, 2018.)

URL: [http://newsletters.usdbriefs.com/2018/Tax/TNV/180112\\_2.html](http://newsletters.usdbriefs.com/2018/Tax/TNV/180112_2.html)

URL: [http://newsletters.usdbriefs.com/2018/Tax/TNV/180316\\_1.html](http://newsletters.usdbriefs.com/2018/Tax/TNV/180316_1.html)

In a speech at the Heritage Foundation April 18, Brady also suggested that going forward Congress should look at overhauling the tax code as an ongoing process rather than a generational event.

URL: <https://www.heritage.org/taxes/event/building-reform-through-tax-reform-20>

"It's important for Congress every year to be looking at...how do we make America and our businesses more competitive, how do we make them more innovative, how do we become more family-friendly in our tax code, how do we become better as a nation," he said.

### Senate outlook less certain

While Davis's proposal is likely to be clear the Republican-controlled House if brought up for a floor vote, its prospects are less certain on the other side of the Capitol.

Senate Majority Leader Mitch McConnell, R-Ky., told reporters April 17 that Republicans "would like to make the individual tax cuts permanent" but noted that he was "a little skeptical" about whether he could win over enough Democratic support to get such a proposal through the chamber. With Republicans currently holding just 51 seats in the Senate, McConnell would need to win over 9 Democrats to get the three-fifths supermajority he would need to avoid procedural hurdles in that chamber when moving legislation under regular order. And Democrats, who unanimously opposed last year's legislation, appear so far to remain in lockstep against permanently extending tax cuts that they argue are skewed primarily to upper-income individuals. (Some "red state" Senate Democrats up for re-election this year might vote support such a proposal, depriving their GOP challengers of a what they believe will be a clear and effective line of demarcation between the candidates; but even if that turns out to be the case, there is little expectation that enough Democrats would break ranks to overcome the 60-vote hurdle.)

But there also are signs that McConnell could face defections from within his own party if he tried to hold a vote this year on making the individual tax cuts permanent. Sen. Bob Corker, R-Tenn., voted in favor of last year's legislation; but in the wake of the latest Congressional Budget Office projections of the measure's long-term impact on the federal deficit, he recently told the Senate Budget Committee that his decision to support the bill "could well be one of the worst votes I've made." (For prior coverage, see *Tax News & Views*, Vol. 19, No. 12, Apr. 13, 2018.) And when asked by a reporter from *The Hill* on April 17 whether he would support a permanent extension of last year's individual tax cuts, Corker's reply was an unequivocal "hell no – double hell no."

URL: <https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/53651-outlook.pdf>

URL: [http://newsletters.usdbriefs.com/2018/Tax/TNV/180413\\_1.html](http://newsletters.usdbriefs.com/2018/Tax/TNV/180413_1.html)

According to *The Hill*, two other Republican senators have appeared reluctant to speak out in support of the proposal: David Purdue of Georgia said he had "concerns" and Republican Jeff Flake of Arizona said he would "have to look at it."

### Finance Committee hearing to address impact of 2017 legislation

In a related development, the Senate Finance Committee this week announced plans to hold a hearing on April 24 to discuss "early impressions" of the 2017 tax cut law.

"We are just four months into our new, modernized tax system and we have already started to see tax reform's benefits roll in," Finance Committee Chairman Orrin Hatch, R-Utah, said in an April 17 news release. "But given that this was the largest tax rewrite in more than three decades, we still have work to do to support the new law's implementation. This hearing will allow Finance Committee members to take a look at early impressions of the new tax code."

Witnesses will include David Cranston, Jr., of Cranston Material Handling Equipment Corporation, Douglas Holtz-Eakin of the American Action Forum, David Kamin of the NYU School of Law, and Rebecca Kysar of the Brooklyn Law School.

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## More extenders hearings in the works, Buchanan says

Following a closed-door roundtable for House members on April 18, Ways and Means Tax Policy Subcommittee Chairman Vern Buchanan, R-Fla., told reporters that his panel will host additional public hearings this year on the future of the temporary tax provisions that sit outside the new tax law (P.L. 115-97) passed in December.

### One more 'last time'

Most of the 28 temporary incentives known collectively as "tax extenders" lapsed at the end of 2016 but were retroactively renewed for one more year, through the end of 2017, in the Bipartisan Budget Act of 2018 enacted in February. The budget bill also provides longer extensions for the "orphaned" commercial and residential investment tax credits for certain energy property, which were left out of the Protecting Americans from Tax Hikes (PATH) Act in 2015. (For prior coverage, see *Tax News & Views*, Vol. 19, No. 6, Feb. 9, 2018.)

[URL: http://newsletters.usdbriefs.com/2018/Tax/TNV/180209\\_1.html](http://newsletters.usdbriefs.com/2018/Tax/TNV/180209_1.html)

The decision to include extenders in the budget agreement came largely at the behest of Senate taxwriters. House Republicans – especially Ways and Means Chair Kevin Brady, R-Texas – have long declared that each temporary provision in the tax code should be evaluated on its individual policy merits and either be made permanent or repealed outright.

The PATH Act was intended to tackle the longstanding issue of frequently lapsed-then-extended tax provisions by making several popular incentives permanent, renewing some for several years, and giving others "one last" short-term extension intended to ease them out of the code. Almost immediately after it was enacted, however, various constituencies of supportive lawmakers and outside interest groups began pushing to keep certain endangered provisions alive, and that dynamic is likely to be repeated as the extenders review process moves forward.

But in the wake of last December's massive tax legislation, Brady and other House taxwriters have been even more emphatic that most of the narrow provisions in the extenders package no longer serve a policy purpose, given the lower corporate and individual tax rates and the base-broadening provisions in the new law. (The 2017 tax legislation includes roughly 20 provisions affecting individuals, estates, and passthrough entities that are scheduled to expire at the end of 2025, but Republican leaders have stated they hope to act this year to make those provisions permanent. See separate coverage in this issue for details.)

Buchanan made his end goal clear in his comments this week: "We're going to try to eliminate as many of these tax extenders as we can," he said.

### Roundtable recap

Buchanan and other subcommittee members said that the roughly two dozen lawmakers – including some non-taxwriters – who participated in the April 18 discussion focused largely on five or six provisions, such as the short-line railroad maintenance credit and the recovery period for motorsports entertainment complexes.

"We'll have more [hearings] coming up," Buchanan said, though he did not say when these will occur. "We want to get the cost of these extenders. We have to do our homework; the staff does."

The Congressional Budget Office (CBO) has estimated that making all of the tax extenders permanent (excluding the temporary provisions in the 2017 tax cut bill) would cost \$85 billion over 10 years.

## Last train – uh, plane – out?

A must-pass bill to reauthorize the Federal Aviation Administration (FAA) is seen as one of the only potential legislative vehicles with a tax title that will move through Congress before the November elections. That bill is expected to be on the House floor the week of April 23, but timing for consideration by the Senate is not clear. The current FAA authorization expires September 30.

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## House clears IRS reform bills

The House of Representatives this week easily passed a dozen bipartisan bills aimed at reorganizing Internal Revenue Service operations, making its enforcement and customer service policies more taxpayer-friendly, and modernizing its technology systems.

All 12 bills were approved unanimously by the House Ways and Means Committee in an April 11 mark-up.

### Taxpayer First Act, 21st Century IRS Act

Lawmakers cleared the Taxpayer First Act (H.R. 5444) on April 18 by a vote of 414-0. That measure, sponsored by Ways and Means Oversight Subcommittee Chairman Lynn Jenkins, R-Kan., and subcommittee ranking member John Lewis, D-Ga., would, among other things, require the Service to submit to Congress by September 30, 2020, limit the IRS's authority to seize property of taxpayers who are suspected of "structuring" financial transactions to avoid Bank Secrecy Act, strengthen taxpayer rights during the appeals process by codifying the IRS Independent Office of Appeals, eliminate the IRS Oversight Board, and require the Service to develop and submit to Congress a comprehensive customer service strategy.

Also on April 18, the House approved the 21st Century IRS Act (H.R. 5445) by a vote of 414-3. The bill seeks to modernize the Service's information technology systems and expand the use of electronic systems for interactions between taxpayers and the Service, enhance the IRS's cybersecurity infrastructure, protect taxpayers from identity theft, and provide assistance to taxpayers who have been victims of identity theft. It was sponsored by Ways and Means members Mike Bishop, R-Mich., and Suzan DelBene, D-Wash.

For additional details on both of these bills, see *Tax News & Views*, Vol. 19, No. 12, Apr. 13, 2018.

[URL: http://newsletters.usdbriefs.com/2018/Tax/TNV/180413\\_3.html](http://newsletters.usdbriefs.com/2018/Tax/TNV/180413_3.html)

### Combo platter

Under a rule approved in the House Rules Committee before these two measures were brought to the House floor, the text of H.R. 5445 will now be folded into H.R. 5444, along with seven targeted IRS reform bills that were approved by voice vote on April 17 under an expedited process known as suspension of the rules. These targeted proposals would:

[URL: https://rules.house.gov/sites/republicans.rules.house.gov/files/Rule\\_HR5444HR5445.pdf](https://rules.house.gov/sites/republicans.rules.house.gov/files/Rule_HR5444HR5445.pdf)

- Require all tax-exempt organizations that are required to file a Form 990 with the IRS to submit their returns electronically and make them available to the public in a machine-readable format. (H.R. 5443, sponsored by Ways and Means member Mike Kelly, R-Pa., and Rep. Stephanie Murphy, D-Fla.)
- Require the IRS to establish a program that would allow any taxpayer to request an Identity Protection Personal Identification Number (IP PIN), a six-digit number issued by Treasury that is included with a tax return for authentication purposes. (H.R. 5437, sponsored by Ways and Means members Erik Paulsen, R-Minn., and Suzan DelBene, D-Wash.)
- Establish a single point of contact within the IRS for any taxpayer who is a victim of identity theft. (H.R. 5439, sponsored by Ways and Means members Jim Renacci, R-Ohio, and John Lewis, D-Ga.)

- Restrict the IRS's ability to immediately sell "perishable" goods it acquires in certain civil asset forfeitures by specifically limiting the definition of "perishable" to property that is liable to perish. (H.R. 5446, sponsored by Rep. Drew Ferguson, R-Ga., and Ways and Means member Joseph Crowley, D-N.Y.)
- Make the Volunteer Income Tax Assistance Program permanent. (H.R. 2901, sponsored by Ways and Means members Carlos Curbelo, R-Fla., and Danny Davis, D-Ill.)
- Allow IRS employees to provide information to taxpayers about the availability of and eligibility requirements for low-income taxpayer clinics. (H.R. 5438, sponsored by Ways and Means members George Holding, R-N.C., and John Lewis, D-Ga.)
- Require the IRS to provide advance notice when it plans to close a walk-in Taxpayer Assistance Center. (H.R. 5440, sponsored by Reps. Karen Handel, R-Ga., and Tom O'Halleran, D-Ariz.)

### Other reform measures offered a la carte

Three other targeted IRS reform measures that were approved at the April 11 Ways and Means mark-up and passed by the House on April 17 will move forward as freestanding legislation. These bills, all of which are aimed at preventing identity theft, would:

- Require the Social Security Administration to develop a user-funded system to match the name, Social Security Number, and date of birth of an individual submitted by a financial institution or service provider against the Social Security Administration's records. (H.R. 5192, sponsored by Ways and Means members Carlos Curbelo, R-Fla., and Kenny Marchant, R-Texas, along with Reps. Kyrsten Sinema, D-Ariz., and Randy Hultgren, R-Ill., and approved on the House floor by a vote of 420-1.)
- Require US Customs and Border Protection to develop a system to ensure that personally identifiable information (such as Social Security Numbers and passport numbers) that is routinely captured on international shipping manifests when an individual moves overseas is not disclosed to the public. (H.R. 4403, sponsored by Rep. Jeff Denham, R-Calif., and Ways and Means member Bill Pascrell, D-N.J., approved by voice vote under suspension of the rules.)
- Require the Social Security Administration to issue a new Social Security Number to an infant or child under the age of 14 if the child's parent or guardian can show that the originally issued Social Security card was stolen while in the mail. (H.R. 1512, sponsored by Ways and Means members Kenny Marchant, R-Texas, Lloyd Doggett, D-Texas, Jason Smith, R-Mo., and Earl Blumenauer, D-Ore., and approved by voice vote under suspension of the rules.)

The House on April 18 also approved by a vote of 404-3 legislation that would require the US Attorney General to establish expedited procedures for reviewing any case in which an individual posing as an IRS employee solicits personal information from another individual for purposes of committing identity theft. (H.R. 2905, sponsored by Reps. David Young, R-Iowa, and Kyrsten Sinema, D-Ariz. This measure was not part of the 12-bill IRS reform package reported out of the Ways and Means Committee last week.)

### Path forward in Senate unclear

The House-approved bills now head to the Senate but it remains unclear when – or even if – they will be taken up in that chamber. Senate Finance Committee Chairman Orrin Hatch, R-Utah, told reporters April 18 that his panel will hold hearings on the House bills and commented that "[t]here's some improvements that can be made but we're going to have to look at everything and be very, very careful how we handle it."

House Ways and Means Committee Chairman Kevin Brady, R-Texas told reporters April 17 that he is "hopeful as [senators] watch a good, strong vote come out of the House that they'll add their ideas to that package and we can try to move it to the president's desk this year."

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