From: Gray, Christopher S. EOP/WHO <Christopher.S.Gray@who.eop.gov>
To: Gray, Christopher S. EOP/WHOChristopher.S.Gray@who.eop.gov
Date: 11/7/2017 12:34:36 PM
Subject: Tax Reform Update - In case you missed it

Good Afternoon,

Below are articles, op-eds, and links on the tax reform discussion.

Thank you,
Chris

Christopher S. Gray
Senior Associate Director
White House Office of Intergovernmental Affairs

Link to Full House Bill Text

https://waysandmeansforms.house.gov/uploadedfiles/bill_text.pdf

House Ways and Means Committee Website

https://waysandmeans.house.gov/taxreform/

Here's What's In The GOP Tax Plan

Caitlin Owens - Axios.com
The House GOP tax plan keeps the 39.6% tax-rate for the wealthiest Americans ($1 million income for married couples), caps the mortgage interest deduction for newly purchased homes at $500,000 (down from $1 million), and will allow only $10,000 of property tax to be deducted, according to a summary released this morning.
Why it matters: Lawmakers are finally seeing the full details of the proposal this morning. Already some Republicans had expressed concerns and powerful lobbying groups like homebuilders had expressed opposition.
What comes next: Ways and Means Chairman Kevin Brady told reporters this morning he expects an analysis of the bill from the Joint Committee on Taxation later today, but expects it will meet the goal of increasing the deficit by no more than $1.5 trillion.
Other details:
Individual taxes:

- Increases standard deduction from $6,350 to $12,000 for individuals and $12,700 to $24,000 for married couples.
- Individual tax rate brackets:
    - 25 percent rate starting at $90,000 for married couples, $45,000 for individuals (everyone below that pays a 12 percent rate).
    - 35 percent rate starting at $260,000 for married couples, $200,000 for individuals.
    - 39.6 percent rate starting at $1 million for married couples, $500,000 for individuals.
- Expands the Child Tax Credit from $1,000 to $1,600 and provides a credit of $300 for each parent and non-child dependent.
- Makes no changes to deductions for charitable contributions.
- Elimination of student loan and medical expense deductions and the adoption tax credit.
- Doesn't change contribution rules for 401(k)s.

- Repeals the state and local tax deduction, but people can write off the cost of state and local property taxes up to $10,000.
- Repeals the Alternative Minimum Tax.
- Doubles the estate tax exemption immediately and repeals the tax in six years.

Business taxes:

- Lowers corporate tax rate to 20% and lowers rate for pass-through entities (often small businesses that report taxes as individuals) to 25%.
- There are two approaches to pass-through guardrails. The simple approach allows businesses to classify 70 percent of income as wages and 30 percent as income. The second option allows business owners to have more income classified as business income, rather than wages.
- Interest deductibility capped at 30 percent of interest.

International taxes:

- One-time tax on U.S. companies' repatriated foreign profits; 12 percent rate on cash and a 5 percent rate on illiquid investments, per the WSJ.
- Eight year repatriation payout.

Go deeper:

- Bill text
- Section-by-section summary
- House GOP outline

U.S. House of Representatives
COMMITTEE ON WAYS AND MEANS

The TAX CUTS & JOBS ACT

POLICY HIGHLIGHTS

More Jobs. Fairer Taxes. Bigger Paychecks.

The *Tax Cuts and Jobs Act* is a bold, pro-growth bill that will overhaul our nation's tax code for the first time since President Reagan's historic tax reform 31 years ago. With this bill, a typical middle-income family of four, earning $59,000 (the median household income), will receive a **$1,182 tax cut**.

Individuals and Families

- **Lowers individual tax rates for low- and middle-income Americans to Zero, 12%, 25%, and 35%** so people can keep more of the money they earn throughout their lives, and continues to maintain 39.6% for high-income Americans.
- **Significantly increases the standard deduction** to protect roughly double the amount of what you earn each year from taxes – from $6,350 to $12,000 for individuals and $12,700 to $24,000 for married couples.
- **Eliminates special-interest deductions that increase rates and complicate Americans' taxes** – so an individual or family can file their taxes on a form as simple as a postcard.
- **Takes action to support American families** by:
  - **Establishing a new Family Credit, which includes expanding the Child Tax Credit** from $1,000 to $1,600 to help parents with the cost of raising children, and providing a credit of $300 for each parent and non-child dependent to help all families with their everyday expenses.
  - **Preserving the Child and Dependent Care Tax Credit** to help families care for their children and older dependents such as a disabled grandparent who may need additional support.
- **Preserves the Earned Income Tax Credit** to provide important tax relief for low-income Americans working to build better lives for themselves.
- **Streamlines higher education benefits** to help families save for and better afford college tuition and other education expenses.
- **Continues the deduction for charitable contributions** so people can continue to donate to their local church, charity, or community organization.
- **Preserves the home mortgage interest deduction** for existing mortgages and maintains the home mortgage interest deduction for newly purchased homes up to $500,000 – providing tax relief to current and aspiring homeowners.
- **Continues to allow people to write off the cost of state and local property taxes** up to $10,000.
- **Retains popular retirement savings options** such as 401(k)s and Individual Retirement Accounts so Americans can continue to save for their future.

- **Repeals the Alternative Minimum Tax** so millions of individuals and families will no longer have to worry about calculating their taxes twice each year and pay the higher amount.
- **Provides immediate relief from the Death Tax by doubling the exemption and repealing the Death Tax after six years.** Family-owned farms and businesses will no longer have to worry about double or triple taxation from Washington when they pass down their life's work to the next generation.

Job Creators of All Sizes

- **Lowers the corporate tax rate to 20%** – down from 35%, which today is the highest in the industrialized world – the largest reduction in the U.S. corporate tax rate in our nation's history.
- **Reduces the tax rate on the hard-earned business income of Main Street job creators to no more than 25%** – the lowest tax rate on small business income since World War II.
- **Establishes strong safeguards to distinguish between individual wage income and "pass-through" business income** so Main Street tax relief goes to the local job creators it was designed to help most.
- **Allows businesses to immediately write off the full cost of new equipment** to improve operations and enhance the skills of their workers – unleashing the growth of jobs, productivity, and paychecks.
- **Protects the ability of small businesses to write off the interest on loans** that help these Main Street entrepreneurs start or expand a business, hire workers, and increase paychecks.
- **Retains the low-income housing tax credit** that encourages businesses to invest in affordable housing so families, individuals, and seniors can find a safe and comfortable place to call home.
- **Preserves the Research & Development Tax Credit** – encouraging our businesses and workers to develop cutting-edge "Made in America" products and services.
- **Strengthens accountability rules for tax-exempt organizations** to ensure the churches, charities, foundations, and other organizations receiving tax-exempt status are focused on helping people and communities in need.
- **Modernizes our international tax system** so America's global businesses will no longer be held back by an outdated "worldwide" tax system that results in double taxation for many of our nation's job creators.
- **Makes it easier and far less costly for American businesses to bring home foreign earnings** to invest in creating jobs and increasing paychecks in our local communities.
- **Prevents American jobs, headquarters, and research from moving overseas** by eliminating incentives that now reward companies for shifting jobs, profits, and manufacturing plants abroad.

Lowers individual tax rates for low- and middle-income Americans

to Zero, 12%, 25%, and 35% so people can keep more of the money they earn throughout their lives, and continues to maintain 39.6% for Americans who make more than 1 million or more.

Eliminates special-interest deductions

that increase rates and complicate Americans' taxes – so an individual or family can file their taxes on a form as simple as a postcard.

Establishing a new Family Credit, which includes expanding the Child Tax Credit

from $1,000 to $1,600 to help parents with the cost of raising children, and providing a credit of $300 for each parent and non-child dependent to help all families with their everyday expenses.

Reduces the tax rate on the hard-earned business income of Main Street job creators

to no more than 25% – the lowest tax rate on small business income since World War II.

Significantly increases the standard deduction

to protect roughly double the amount of what you earn each year from taxes – from $6,350 to $12,000 for individuals and $12,700 to $24,000 for married couples.

Takes action to support American families

by expanding and enhancing important family-focused tax benefits

Preserving the Child and Dependent Care Tax Credit

to help families care for their children and older dependents such as a disabled grandparent who may need additional support.

Lowers the corporate tax rate to 20%

– down from 35%, which today is the highest in the industrialized world – the largest reduction in the U.S. corporate tax rate in our nation's history.

SIMPLE, FAIR "POSTCARD" FILING

SIMPLE, FAIR "POSTCARD" TAX FILING

1	Wage and compensation income	1	
2	Subtract contributions to specified savings plans	2	
3	Subtract standard deduction OR	3	
4	Subtract mortgage interest deduction	4	
5	Subtract real property tax deduction	5	
6	Subtract charitable contribution deduction	6	
7	Taxable income	7	
8	Preliminary tax (from tax table)	8	
9	Add tax on investment income	9	
10	Subtract family and child credits	10	
11	Subtract earned income credit	11	
12	Subtract higher education credit	12	
13	Total tax	13	
14	Subtract taxes withheld	14	
15	Refund due / taxes owed	15	

FAIRANDSIMPLE.GOP

Today, American families spend countless hours and dollars each year just to file their taxes. Under our tax reform plan, all of that will change. We take action to simplify the code so dramatically that 9 out of 10 Americans will be able to file their taxes on a form as simple as a postcard.

ICYMI – Rep. Roskam USA Today Op-ed: We're Helping Middle-Income Americans

"It's time to make a real change to our tax code that will help middle-income families and small businesses that need it. This bill does just that."

By Rep. Peter Roskam (R-IL), Chairman of the Tax Policy Subcommittee

USA Today

November 2, 2017

Earlier this year, Americans across the nation filed their taxes. Many paid an accountant a decent sum in the hopes that, somewhere in the 70,000-plus pages of complicated tax code, they could identify every deduction they qualified for and reduce their overall tax burden.

Most people don't dare fill out their own tax return because they worry that the IRS will come after them if they make a mistake. They either hire someone or buy special computer programs to get it done. The extra length of the tax code hasn't made it any better; instead, it has become bloated by special interest groups that have inserted loopholes and carveouts while making it more and more complicated.

It's time to make a real change to our tax code that will help middle-income families and small businesses that need it. This bill does just that. By reducing the tax code to fewer than 500 pages, Americans at every income level will receive tax relief with the Tax Cuts and Jobs Act.

While the wealthiest Americans continue to pay the top individual tax rate, this bill lowers tax rates on low- and middle-income Americans and significantly increases the standard deduction, which means hardworking Americans can immediately take home more of their paychecks.

We set out to lower rates for hardworking Americans and make it so simple and straightforward that most people will fill out their tax return on something as simple as a postcard. Our bill provides the tax relief people need to save for retirement, save for their kids' college, pay off their mortgages earlier, or pay for something around the house that they've had to put off.

American business, too, will benefit. The current tax code locks out investment in the United States and punishes a company that wants to bring its own profits home to invest here. That's got to stop, and by updating our tax code we can make the United States the place where business wants to expand, build and grow.

That means bigger paychecks and more opportunities.

This is a transformational moment. Today, we took a critical step towards putting more money into the pockets of Americans. As tax reform becomes a reality, I'm encouraged by the optimism and support of the small business owners throughout my district and across the nation.

Rep. Peter Roskam, R-Ill., is chairman of the Tax Policy Subcommittee of the House Ways & Means Committee.

Trump's Top Economic Advisor Cohn: Tax Reform Bill is One 'That the President Can Support'

Jeff Cox | @JeffCoxCNBCcom

Top White House economic advisor Gary Cohn praised the tax reform bill released Thursday and said President Donald Trump likely will support the measure so long as it preserves key elements.

Cohn, a former Goldman Sachs executive who is now director of the National Economic Council, made the remarks during a discussion of the tax bill with David Rubenstein, the founder and co-CEO of the private equity firm Carlyle Group.

Cohn said Trump can support the bill as presented, and he hopes to see something approved before the end of the year.

The bill set out to accomplish two objectives and it did both, he added.

"We had to deliver a middle-income tax cut. Number two, we had to lower the business tax rate to make us competitive with the rest of the world," he said. "The bill that the House delivered today accomplished both of those objectives."

The bill cuts the number of tax brackets to four and lowers the corporate tax rate to 20 percent. In addition, it raises the child tax credit and preserves retirement programs like the 401(k) and Individual Retirement Accounts.

Tax reform has been a cornerstone of the Trump economic program, along with a rollback in regulations and increased infrastructure spending.

"The bill that the House Ways and Means Committee delivered today is a bill that the president can support," Cohn said.

"If it delivers middle-class tax relief and a 20 percent corporate tax rate and it shows up his desk, I can guarantee that he's going to sign it," he added.

Other provisions include a doubling of the estate tax exemption and a full repeal in six years. The alternative minimum tax also is expected to go. The House and Senate both have passed versions of a budget that helped pave the way for the tax agreement.

Critics have said the tax plan's benefits skew toward the wealthy and will increase the budget deficit. The total value of the cuts has been put at $1.5 trillion.

But the White House has countered that tax relief will spur enough growth to offset the lost revenue.

"We believe that just by lowering the business tax in the United States and becoming much more competitive in the rest of the world ... we are going to grow our economy at a faster rate than the model is going to suggest," Cohn said. "We also believe that by lowering the tax rate on the middle America's hard-working families they are going to spend more money, velocity is going to increase and the economy is going to grow."

Tax Reform Bill Wins Initial Praise From House Republicans

by Susan Ferrechio – Washington Examiner

“People are pretty happy,” Rep. Dave Brat, R-Va., said after the closed-door meeting in which GOP leaders presented the new proposed tax brackets and loophole closures they hope to pass into law this year.

Republican leaders also appear to have addressed the concerns of a faction of New Jersey and New York lawmakers who protested the proposal to eliminate the deduction for local and state taxes. The plan now keeps the property tax deduction, but the benefit will only apply to the first $10,000 in those local taxes.

“It appears there has been a good faith effort to address that,” said Rep. Lee Zeldin, R-N.Y., who led the charge to keep the deduction.

The mortgage interest deduction was maintained but lowered to $500,000, down from one million dollars currently.

Lawmakers said the new cap would ensure most people will benefit.

Rep. Chris Collins, R-N.Y., said that issue is now nothing to fight over, and said the language "takes care of 90 percent-plus of all Americans."

Rep. Jason Lewis, R-Minn., said he does not foresee a negative impact on the mortgage interest cap in his district, where sales on homes priced higher than $500,000 are selling at a slower pace.

“I think we’ve preserved the mortgage interest deduction for the vast majority of home buyers,” Lewis said.

Lewis said he anticipates pushback from groups who will vigorously advocate for keeping the current caps, which he said now favor the wealthy.

“Let’s not hold middle-class tax cuts on rate reductions hostage to that stuff,” Lewis said. “We are trying to compress the rates, get the marginal rates down to incentivize production and work and savings. The purpose of tax reform is to eliminate deductions and have a lower rate and a broader base.”

The Most Important Tax Reform Bill in Modern History

On Thursday, Republicans released their highly-anticipated tax reform bill, which was formulated in coordination with the Trump administration. It is the most important tax legislation in modern American history. Unlike the tax proposals of the past, the Republican bill wouldn’t merely tinker with the broken U.S. tax code; it would radically transform the current tax system and catalyze economic growth in a way we haven’t enjoyed in decades.

The Republican plan was crafted with several important principles in mind. First, the plan would simplify the tax code, making it easier for people to understand what they owe. Second, it would end many of the special-interest tax breaks that have put individuals and families at a great disadvantage compared to wealthier filers and some businesses. Third, it would provide immense tax breaks for tens of millions of families across the country, with an emphasis on middle-income households and working lower-income families. Fourth, it would give businesses, including small businesses, much-needed tax relief, allowing job creators to invest more of their money in business expansion.

The Trump-Republican tax plan would simplify the tax code by reducing the number of brackets to four (five if you count those who will pay nothing), with the vast majority of people falling into one or more of three brackets: 12 percent, 25 percent, and 35 percent. Individuals would pay 12 percent on the first $45,000 of income, and 25 percent on income $45,000 to $200,000. Married filers would pay 12 percent on income up to $90,000 and 25 percent on income from $90,000 to $260,000.

Individuals would pay 35 percent on income from $200,000 to $500,000, while families would pay 35 percent on income $260,000 to $1 million. Individual filers earning at least $500,000 per year and families earning $1 million would pay 39.6 percent.

For many families, the rates under the Republican plan would be lower than what they are currently paying, but the bill offers additional support for those with children, by expanding the Child Tax Credit from $1,000 to $1,600. Further, the income level at which the Child Tax Credit is phased out would go from $110,000 under the current system to $230,000, making it available to the overwhelming majority of households with children and all the households with children who would benefit significantly from it.

Perhaps most importantly for many families, the standard deduction would effectively be doubled for individuals (to $12,000) and families (to $24,000).

Although the Republican plan would eliminate most deductions, making the tax code so simple that most people would be able to file using a very simple post-card-style system, a few important deductions would be kept in place, including a version of the mortgage-interest deduction and a deduction for state and local property taxes (capped at $10,000).

All this amounts to tremendous savings for families of various sizes and circumstances. As House Republicans noted in the bill's "Policy Details" document, a single parent of one child making $30,000 per year would receive a tax refund of more than $1,000, $700 more than what he or she receives now. A family of four earning $59,000, roughly the median household income, would save more than $1,180, as the family's tax total would go from $1,582 to $400. This amounts to a family of four saving more than $21,000 over its children's time living at home (18 years), enough to pay for at least two years of college tuition for both children at some state colleges (and in some cases, all four years of college).

The bill would also repeal the alternative minimum tax, a foolish, destructive, income-redistributionist part of the tax code that requires 5 million households to effectively do their taxes twice. Additionally, the bill would immediately reduce the number of farms, businesses, and families subject to the estate tax, also known as the "death tax," and phase it out, along with the generation-skipping tax, after six years.

The bill would implement astounding cuts for businesses as well. Corporate tax rates would drop from 35 percent, the highest in the industrialized world, down to 20 percent, unleashing billions of dollars for businesses to use to expand, innovate and grow. The bill would also cap small business income tax rates at 25 percent, which House Republicans say is "the lowest tax rate on small business income since World War II."

As with virtually all tax plans, the Republican bill would increase taxes for some households, especially those that rely heavily on very specialized deductions and some higher-income people who live in high-tax states (because the Republican plan eliminates the deduction for state income tax).

Overall, these changes will negatively affect a relatively small number of households, and most of them are upper-middle-income or higher. But more importantly, everyone, regardless of income, will benefit from this bill, because it would spur economic growth and wake the sleeping economic giant.

This legislation has the potential to usher in another golden era of prosperity. President Trump and congressional Republicans deserve to be highly-praised for this remarkable plan — a plan that would have been impossible had Hillary Clinton won the presidency one year ago.

It's now up to Congress to finish the job by passing the bill without gutting its most important provisions in the process and sending it to President Trump's desk, where he'll surely sign what could be legacy-making legislation into law.

Justin Haskins (@JustinTHaskins) is a contributor to the Washington Examiner's Beltway Confidential blog. He is an executive editor at The Heartland Institute.

Typical Families Will See a $1,182 Tax Cut Under the Tax Cuts and Jobs Act

November 3, 2017|Speaker Ryan Press Office

$1,182. That's how much of a tax cut typical, middle-income American families will

receive thanks to the Tax Cuts and Jobs Act.
As Speaker Ryan said this yesterday, “For many families, having an additional $1,182 more will make a real difference. That $1,182 more covers about a year’s worth of gas for your car. It covers your family’s phone bill for the year—depending on how much data, of course, your kids use. That $1,182 more—it can help you pay down your debt faster. It can help you start and renovate your home faster. That $1,182 more for the average family—that will help you put away for college. It will help you save for retirement. It will help you save for a rainy day.”
The entire purpose of our plan is to cut taxes for hardworking middle-class families. These Americans have been squeezed the most under our broken tax code, and they are going to finally get the relief they deserve.

In addition to saving $1,182 annually from lower individual tax rates, families can also expect big wage increases. A deluge of recent studies forecast that average households can expect upwards of $4,000 in additional take-home pay thanks to our plan to cut the corporate tax rate.
Lower taxes and bigger paychecks means more money in your pocket. And that’s what the Tax Cuts and Jobs Act is all about.
To learn more, visit speaker.gov or view the links below. And be sure to follow along on Twitter with #1182more.
CLICK HERE to read the full legislative text of the *Tax Cuts and Jobs Act.*
CLICK HERE to read the section-by-section summary of the *Tax Cuts and Jobs Act.*
CLICK HERE to read the policy highlights in the *Tax Cuts and Jobs Act.*
CLICK HERE to read examples of how the *Tax Cuts and Jobs Act* will help Americans of all walks of life.

Everything You Need to Know about the Tax Cuts & Jobs Act

November 2, 2017|Speaker Ryan Press Office

Today, the Ways and Means Committee introduced the Tax Cuts & Jobs Act—historic legislation to reform our tax code and deliver more jobs, fairer taxes, and bigger paychecks to the American people.
The special interests and other defenders of the current, broken tax system are already running a full-fledged misinformation campaign to kill this bill. We are not going to let that happen.

That’s why we want to arm you with the facts. Here is everything you need to know about our plan, which will cut taxes $1,182 for typical, middle-income American families and give them a well-deserved pay raise:
→ BILL TEXT ←
SECTION-BY-SECTION ←
POLICY HIGHLIGHTS ←
CHARGE & RESPONSE ←

Lt. Governor Brian Calley: Tax Reform Will Lead Our Nation Forward

When Gov. Rick Snyder and I took office in 2011, Michigan's tax code had been holding our state back for decades. We needed to make a major change to jump-start our economy and create an environment for job growth.

I'm proud to have led the efforts to overhaul Michigan's tax code, dumping the old system in favor of a simple, fair and efficient tax code. Those changes have made Michigan the Comeback State, with more than 500,000 private-sector jobs created and an economy that is continuing to grow year after year. While we have seen significant success from the reforms we have made to Michigan's tax system, it's time to do the same on the federal level.

Our federal tax code is confusing, inefficient and creates too many barriers to economic growth. Americans deserve better, and that's why I'm pleased that President Donald Trump and Congress are prioritizing tax reform in Washington. We haven't seen real federal tax reform for way too long, and it's time for bold change. The reform plan President Trump unveiled last month will be a game changer for all Americans. We know its principles are sound because of our experience here in Michigan. A simple, fair and efficient tax code will go a long way for everyone.

It is important that the tax code provide for a competitive playing field for all businesses while encouraging economic growth in the U.S. When American companies have a level playing field, they win. It is also important that Americans will spend less time doing their taxes and keep more money in their pockets. A simpler, shorter form is common sense and puts an end to picking winners and losers. The proposed changes are estimated to increase the average household family income by $4,000 a year.

Comprehensive tax relief will change the lives of Americans, creating jobs and taking our nation's competitive advantage to the next level. Trump and his administration are taking bold action, and I look forward to working with him to bring meaningful change to our tax system, just like we did here in Michigan. I encourage Congress to take swift action on this plan that will benefit all Americans.

Brian Calley is lieutenant governor of Michigan.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release October 31, 2017

REMARKS BY PRESIDENT TRUMP
AND BUSINESS LEADERS
BEFORE TAX REFORM INDUSTRY MEETING

Roosevelt Room

11:41 A.M. EDT

THE PRESIDENT: Thank you very much for being here, for the incredible work you're doing to help us pass the really historic tax cuts. There's never been anything like this in the history of our country. It's cuts and it's relief and it's also reform. And frankly, it's also simplification. So we're covering everything.

There has never been anything like it, and it's so important. The economy is doing very well but it can do much better. A lot of jobs are going to come from this and a lot of companies are going to start pouring back into the United States. In fact, we're going to be announcing one big one sometime very shortly -- a very big one coming back into the United States.

All of you have done a tremendous job mobilizing your members, talking to the members of Congress, which is very important, and making a strong case for tax reform in the media. The media is not all fake, so therefore we can get a fair shake.

Now is the time to redouble our efforts. Your country needs you now more than ever before. You are leaders of this country and certainly leaders on this subject and you know more about it than anybody. We need you to be united, committed, and proactive in order to overcome the forces fighting.

And there are forces fighting out there that very much benefit by the way it is now, but that's bad for the country. They know that but they're fighting for themselves; they're not fighting for the country.

In a few days, I'll be traveling to Asia to advance America's economic and national security priorities. I am counting on all of you to be back here, working to maintain our momentum on tax reform and tax cuts.

And that will be a short period of time -- I'll be away for about ten and a half days, and we'll get back very quickly. We're meeting in China, in South Korea, in Japan. We're going to Vietnam. We're going to the Philippines, which is a strategically important location where the previous administration was not exactly welcome, as you probably remember.

The Democrats will say our tax bill is for the rich, but they know it's not. And what they will do is -- they don't even know the tax bill. The tax bill hasn't even been really put out yet. It will be over the next short period of time.

But they immediately say, oh, it's for the rich, it's for the rich -- because that's the right thing to say, I mean, for them. But it doesn't work and they know that.

In fact, I think we'll have some Democrats doing this and voting for us for the reduced taxes because it's a tax bill for middle class; it's a tax bill for jobs, it's going to bring a lot of companies in; and it's a tax bill for business, which is going to create the jobs. We're bringing it down -- from 35 down to 20.

While I'm in Asia, members of my Cabinet will be traveling all around the country talking directly to taxpayers and focusing on the regional media, which we find to be a much more credible media, to be honest with you. In fact, I found it to be incredible how good they are.

Of course, Secretary Mnuchin, Director Cohn, and my entire economic team will remain totally focused on tax reform. They'll be staying here and will continue to work closely with all of you. They've had a great relationship with most of the people in the room. We need your continued input to make sure that the final bill gets all of the details right and that we get that approval.

I want the House to pass a bill by Thanksgiving. I want all of the people standing by my side when we get ready to sign by Christmas. Hopefully before Christmas, you'll all be in the room standing front row center. I think we'll be able to find a place where you can all stand front row center. It will be a big event. It will be the biggest tax event in the history of our country.

Thank you all for being here today. We have a couple of folks that I'd like to have say maybe a couple of words while we're with the media.

Tom Donohue has been President and CEO of U.S. Chamber of Commerce for a long time. Tom, do you have anything to say?

MR. DONOHUE: Well, thank you very much for having this meeting, Mr. President.

THE PRESIDENT: Thank you, Tom.

MR. DONOHUE: The business community has been waiting a long time for an administration and the President and a willing Congress to do what we haven’t done for many decades. And we think we were lucky to arrange a budget, but we're going to have a better opportunity in the Senate.

I think you're right, there are some members of the Democratic legislature that will come around on some of this, particularly if the numbers are as they promised. And you hit it right on the head that we got to work on it. We're going to have some differences amongst the business community on what should be the takeaways and the adds.

But we just have to work on it, and I think your planning is really quite good. You're off to Asia and everybody else gets it worked out. (Laughter.)

THE PRESIDENT: Next week, we'll come back and let's see what we have, right? (Laughter.)

Well, I appreciate it very much. And what you said is important -- we did get the budget passed. And as you know, that was a big event because that doesn't often happen and we got it fairly easily passed. I think we had a couple of extra votes if we needed them, and more than a couple of votes if we needed them.

There's great spirit for this. The Republicans have a tremendous spirit. We'll have no Democrat support. We may have on the tax cuts because I think it's going to be very hard for five or six of them to run successfully saying they want to raise taxes.

Look, the Democrats want to raise taxes and really create obstruction. And the Republicans want to lower taxes, so we want to get rid of regulations. I've gotten rid of more regulations in the first nine months than any President has for their term in office. That's a big statement.

But we've really just begun. I would say we have at least another 50 percent that we want to do. So that's going to be fantastic. In some cases, it's statutory. We have to give a notice, and then you have to give another notice, and you have to wait 90 days. But we've gone along that statutory process.

And I will tell you, Tom, you're going to see a lot of additional relief from these horrible regulations that have been killing our country. They've literally been killing --

As you noticed, GDP was just announced and -- shockingly to a lot of people, despite the hurricanes, which possibly could be considered to be 1 point -- we were at 3. And we were at 3.2 last quarter but we were at 3. And to be at 3 with a 1 point, that would have meant we would have hit 4 or thereabouts. And those are numbers that have not been seen for many years.

So we're doing well and we'll continue to do well. The big thing is we have companies that really want to move back into the United States now because of regulation, because of what we're doing with taxes. And some big ones are going to be announcing very soon.

Dirk, could I ask you to say a few words from the National Association of Wholesale-Distributors? That would be great great.

MR. VAN DONGEN: Firstly, Mr. President, thank you. I appreciate the opportunity to be here. A few of us in the room are old enough to remember being in this same room when President Reagan was working on the tax reform. The two of us were in this room.

THE PRESIDENT: You don't look that old. (Laughter.)

MR. VAN DONGEN: Tom was here. (Laughter.) Thirty years or so have passed. The tax code doesn't resemble what was done in '86. Reform was long, long overdue. I represent an industry of very high effective tax rates, frankly, that (inaudible) the other guys' taxes.

Unstated, but I assume that the, kind of, price of admission for being here today is that you support the process moving forward. And obviously each of us have to see the details, and there may be one thing or another that we'd like to see different. But the broader perspective is that for the good of the economy, the good of the country, and, frankly, I think, for the good of our members, you have to support the process going forward. You have our commitment to do precisely that.

THE PRESIDENT: That's great. Thank you, Dirk. That's really great. I appreciate it.

And I think so important -- you know, we talk tax cuts, which is really, to me, the very big thing -- the tax cuts. We desperately need them.

But so many other things are happening, including bringing back $4 trillion back into the United States. And that money is going to be put to work in our country, for our people, creating our jobs and factories and plants.

I think the number could be higher than $4 trillion. It’s been $2.5 trillion for so long. Everyone said, $2.5 trillion. But it’s gotten, obviously, a lot bigger. They just kept saying $2.5 trillion. I think the number is going to be well over $4 trillion -- will be coming back into our country.

And so many other things. One of the other elements that are important, Karen -- and you're going to say a few words next because I’m dying to hear what you have to say. But one of the things so important is simplification -- too complicated, and we're simplifying it greatly.

And I want to thank all of my folks for being here and working on it -- Gary, Steve, everybody. The process is complicated, but the end result will not be that complicated. It's going to be people are going to pay less tax by a lot. Companies are going to pay less tax by a lot. That's a big difference.

And companies are going to start rebuilding, and they're going to stay here. And they're going to expand, and they're going to build new plants in this country. They won’t be going to other countries like they have been for many, many decades.

Karen, could you say few words? Small Business, Entrepreneurship Council?

MS. KERRIGAN: Sure. Well, thank you so much, Mr. President, for your support and leadership on this issue. This is really one of the most critical issues for small business.

And they know if they get tax reform through, they're going to have more capital to put back into their businesses. They're going to invest more. They're going to provide higher wages, better benefits for their employees.

These business owners and entrepreneurs are also leaders of the community back in their communities. And they do see the lack of dynamism, the lack of business dynamism. They don't see new business creation in their communities, and that's a really serious problem in this country --

THE PRESIDENT: Right.

MS. KERRIGAN: -- the lack of entrepreneurship, weak entrepreneurship. According to our numbers, 3.2 million missing businesses in our country because of people not taking risks.

THE PRESIDENT: Right.

MS. KERRIGAN: So we're very excited about tax reform in terms of the growth it will bring, the investment it will bring, making the U.S. a haven for capital again because we need to get that edge back and need to encourage more people to start businesses -- particularly millennials starting businesses again.

THE PRESIDENT: Right, that's true.

MS. KERRIGAN: Which is going to add to, again, our competitiveness. So thank you.

THE PRESIDENT: One of the things that we've been talking about and that we've seen and there’s been anything like it is the level of enthusiasm -- the enthusiasm for business, for manufacturing. It’s the highest level it’s ever been -- highest level since the charts started. And we have a tremendous level now of enthusiasm for business and for manufacturing. And nobody has ever seen anything like it.

And of course, the stock market is at an all-time high -- historic high. There’s never been -- I mean, it’s going up -- I think it was 54 times since I was elected; we've hit the record 54 times. And I notice it’s up again a little bit today, so that's always good. But we're going to try and keep it going up.

But we've created almost $5.5 trillion in stock market wealth. Think of that -- $5.5 trillion since November 8th. So we're very honored by all of that. But a very big part of it will be tax cuts and tax reform, and we'll work on that together.

Thank you all very much. Thank you.

Q Are you open to the corporate tax rate, the corporate tax rate being phased in, sir? Would you be open to the corporate --

THE PRESIDENT: We're not looking for that, no. We're not looking for that. Hopefully not.

Q You want it to start at 20 --

THE PRESIDENT: That's something -- some people have mentioned that. Hopefully not.

Q Are you going to pardon Mr. Manafort?

THE PRESIDENT: Thank you, all. Thank you, everybody. Thank you very much. Thank you.

END 11:54 A.M. EDT

Europe Beats America

Wall Street Journal
Editorial Board
October 31, 2017

Good news: Tax reform is still possible. Or at least it is in Europe, which is a challenge to America as Washington’s battles over credits and loopholes risk leaving the U.S. behind.

…

Critics branded Mr. Macron “the President for the rich” for these overhauls, but the main effect will be to stimulate investment and job creation alongside the major labor-market overhaul Mr. Macron introduced this summer. The tax cuts are also a bid to woo businesses thinking of leaving Britain after Brexit. Even dirigiste Paris has figured out that tax codes can’t be confiscatory in a world of globally mobile capital and labor.

…

Important features of both reforms are the focus on simplicity and lower rates.

…

Do American politicians really want to have to explain to voters why they let the U.S. trail even France?

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Mnuchin, Cohn Field New York GOP Concerns In Late Night Call Ahead Of Tax Reform Final Plan

By Brian Schwartz Published October 30, 2017
FOXBusiness

House Republicans from New York voiced their concerns to Treasury Secretary Steven Mnuchin and National Economic Council Gary Cohn about the possibility of losing their coveted state and local tax deduction during a phone conference on Monday night, FOX Business has confirmed.

As earlier reported by FOX Business, all nine GOP representatives from New York, were scheduled to speak with Cohn and Mnuchin at 8:30 p.m. ET.

The call, according to those familiar with the matter, lasted approximately 30 minutes and both senior White House officials appeared sympathetic to the lawmakers desire to keep most of the tax break, also known as SALT, in the final tax reform bill and said they would try to get back to them with a compromise in the next few days.

"They recognized the situation and the intensity of the problem our constituents could face if we lose SALT," said one call participant, speaking to FOX Business on the condition of anonymity.

The lawmakers emphasized that they believed middle class individuals and small businesses from New York could get punished if the tax break was eliminated.

Still, that same source noted, while they hoped they could come to a compromise on Monday with the White House on including the deduction in the House tax bill with the legislative text expected to be unveiled on Wednesday, "no specific solutions were discussed."

A White House spokeswoman did not return emails for comment when asked about the details of the call.

The conference comes after the House passed their budget by the slimmest of margins, 216 to 212 in favor of the budget, and as seven of the 20 “no” votes came from disgruntled New York Republicans.

Those lawmakers have been looking for a compromise on the deduction in meetings with House Republican leaders, including House Ways and Means Committee Chairman Kevin Brady (RTX), since the tax reform blueprint was released in September.

The call between lawmakers and the White House also comes on the heels of Brady announcing he’s willing to concede to those same representatives as well as others from states that have the most to lose from eliminating SALT, such as New Jersey and California. Brady indicated that he will include a property tax deduction in the final bill.

“At the urging of lawmakers, we are restoring an itemized property tax deduction to help taxpayers with local tax burdens,” Brady said in a statement on Sunday.

Still, even with this concession, House members from New York and New Jersey gave a mixed reaction to the news and called for caution on whether there will be continued compromises leading into the bill’s publication.

In a text message, Rep, Steve King (R-NY) told FOX Business on Sunday that he’s happy with Brady’s decision but still has concerns. “It’s a good step forward, but still very concerned with losing state income tax deduction,” King said.

Rep. Thomas MacArthur (R-NJ) told FOX Business on Sunday that he's “cautiously optimistic” but later added, “The devil is in the details."

SALT affects about 30% of all taxpayers, mainly in states such as New York, New Jersey, California, Connecticut, Virginia and Pennsylvania that impose significant state income and property taxes.

The GOP Congress is dominated by lawmakers from southern and western states that don't impose such levies. They have argued for ditching the SALT deduction from the tax code on the grounds that it unfairly benefits taxpayers from just a handful of states and deprives the federal government of trillions in revenue.

Indeed, the Trump administration has called on the elimination of the SALT deduction that would produce close to $1.3 trillion in revenues over 10 years and help pay for his plan to slash taxes for individuals and take the corporate tax rate down from its current level of 35% to 20%.

But lawmakers from these high-tax states argue that the federal government receives a disproportionate share of tax revenues from states like New York and California, where a large percentage of wealthy people reside, thus the tax break provides some degree of fairness in the government's revenue collection efforts.

Making the matter even more contentious as the Republican-controlled Congress and the Trump administration move toward the politically vital tax reform bill: close to 60 Republican members come from states that benefit most from the SALT deduction and could vote against tax reform if the tax break isn't preserved in some way.

Why Tax Reform Should Matter to You (Rep. French Hill Commentary)

by French Hill on Monday, Oct. 30, 2017 10:09 am

Thirty-one years ago, Ronald Reagan signed the Tax Reform Act of 1986 into law, which lowered tax rates and closed gaps in the American tax system.

President Reagan was able to achieve successful and constructive tax reforms because lawmakers created a system with bipartisan support. Now, after many years, we must once again review our tax code, filter out unnecessary regulations and make the system accommodating for all. I am optimistic that we, too, like Reagan, can deliver a simpler, fairer tax system for hardworking Americans.

Last month, we in Congress worked with the White House to release a unified framework for tax reform. My colleagues and I took the first step in constructing this reform package by passing a Concurrent Budget Resolution. By passing a budget, we are now able to begin the hard work that will allow us to create a tax plan that will provide more jobs, fairer taxes, and bigger paychecks.

Impact on Individuals and Families

The burdens and complexities of our current tax code come at a real cost to hardworking families. Since 1986, Congress and government agencies have eroded most of the tax benefits that President Reagan's plan extended for families by adding at least one new tax regulation per day. Our current tax code has swollen to more than 70,000 pages, requiring Americans to spend over 6 billion hours and $168 billion annually to file their returns. The proposed framework delivers a tax code that is simpler for the majority of Americans. It is estimated that approximately nine out of 10 Americans will be able to file on a form as simple as a postcard.

Our framework is focused on delivering relief to middle-class families and those who want to join the middle class. The proposed plan lowers individual rates so families can keep more their hard-earned income to spend, save and invest in our local communities.

The plan also doubles the standard deduction to $12,000 for individuals and $24,000 for families. By doubling the standard deduction, most low-and-middle income Americans will see twice the amount of their paychecks protected from taxes. More of their income will be in the zero tax brackets.

The more we cut taxes, the more money Americans will have in their pockets to pour back into the economy, spurring on our economic growth and prosperity.

Impact on Job Creators

We must convince job creators and business owners to stay here in America. Currently, the United States has the highest corporate tax rate in the developed world. This drives American businesses and jobs overseas. Other nations have recently lowered their corporate tax rates, and America needs to follow if "Made in America" products will continue setting the example of quality and innovation across the globe. We must be more competitive in the global market.

Our proposal will not only grow the economy and create millions of jobs by attracting more investments in America; it will also allow businesses to retain incomes for better pay and benefits for their employees. The proposed framework would drastically lower tax rates for American businesses of all sizes – 20 percent for corporations and no more than 25 percent to main street businesses. Instead of sending large amounts of their business revenue to Washington — money that could go toward building their business and creating new jobs — our proposals encourages them to reinvest in their companies and communities.

Today, small and closely held businesses create roughly half of all jobs in the United States. Yet, these businesses are currently taxed at rates as high as 44.6 percent. Starting and sustaining a small business in America is difficult enough. Our broken tax code only makes it harder by forcing main street job creators to send too much of their income to Washington. Our plan
drastically lowers tax rates for these main street businesses from more than 40 percent to 25 percent, which will help create jobs in every community across our country.

Call to Action

We always will face barriers, but those should motivate us, not discourage us. We must make good on our promise to hardworking American people to deliver a tax system that works for all. Reagan, with a Democrat-controlled House, pushed through and worked to accomplish muchneeded tax reform. And we will do the same.

Nothing worth fighting for comes easy, and I hope my friends across the aisle will work with Republicans in a bipartisan fashion to deliver a tax system that provides Americans with the relief and hope they deserve.

French Hill represents the 2nd Congressional District of Arkansas in the U.S. House of Representatives. Email him online at Hill.House.gov.

Trump's Top Aides Will Skip Asia For Tax Push

Jonathan Swan - Axios

As President Trump prepares to travel to Asia later this week, he has ordered many of his top officials to stay back and campaign for tax reform around America:

Treasury Secretary Steven Mnuchin, economic adviser Gary Cohn and Ivanka Trump will hold tax-reform events in crucial states and blue House districts held by Republicans and speak with national and regional media.

Joining their campaign will be Labor Secretary Alex Acosta, Small Business Administrator Linda McMahon, and Agriculture Secretary Sonny Perdue, among others.

Ivanka — who held a tax event last week in Pennsylvania and visited Capitol Hill — has canceled meetings she had arranged in China and South Korea as part of the Asia trip.

She's still visiting Japan, ahead of her father, to give a speech at the invitation of Prime Minister Shinzo Abe, but will fly back over the weekend to begin the tax push.

Trump Asks Business Community To 'Redouble' Its Push For Tax Reform Ahead Of Bill Rollout

by Gabby Morrongiello | Oct 31, 2017, 12:38 PM

President Trump urged the business community on Tuesday to "redouble" its efforts to promote tax reform as House Republicans work to unveil their long-awaited tax bill later this week.

"I'm counting on all of you to be back here working to maintain our momentum," Trump told nearly two dozen entrepreneurs and industry leaders during a roundtable meeting at the White House, noting that he will be traveling through Asia for 12 days beginning Friday.

"Now is the time to redouble our efforts. You are leaders in this country and certainly leaders on this subject," Trump said.

The House's tax plan is expected to be rolled out Wednesday, after weeks of negotiations between Ways and Means Chairman Kevin Brady, R-Texas, and several GOP members. It is still unclear whether the bill will seek to offset revenue loss from tax cuts by curbing state and local reductions or by adjusting the cap on pre-tax contributions to 401(k) retirement savings accounts.

Trump joined several administration officials on Tuesday in calling on Congress to pass a tax bill by Christmas, giving Republicans at least one major legislative victory to tout during next year's midterm elections. The president also reiterated his belief that a handful of congressional Democrats will likely sign onto the effort, giving Republicans some wiggle room if one or two of their own members defect.

"The Democrats will say our tax bill is for the rich, but they know it's not," Trump said. "They don't even know the tax bill. But I think we'll have some Democrats join us because it's a tax bill for the middle class and it's a tax bill for jobs."

Trump was joined by Treasury Secretary Steve Mnuchin, White House chief of staff John Kelly and National Economic Council director Gary Cohn for the roundtable Tuesday. The White House is said to be planning another event for Wednesday to draw attention to the rollout of the House GOP tax bill.

Trump’s Tax Cut Will Put America Back On A Path To Growth

Economics Is About Getting Incentives Right — Taxes Are An Incentive To Not Act

by Arthur Laffer - October 29, 2017

Donald Trump is betting that his proposed tax cuts will energize the US economy and add millions of new jobs. The reception from the economics establishment has been predictable. “Economists See Little Magic in Tax Cuts to Promote Growth”, ran one headline in the New York Times. Lawrence Summers, Treasury secretary under Bill Clinton, decried a reprise of voodoo economics.

Critics of the president’s plan seem to believe that reducing the tax on work and investment will have no impact whatsoever on work and investment. We can have a spirited debate about how big the response will be to a tax cut. But can any economist or psychologist really believe that reducing the tax on something will not mean more of it?

We tax speeders to stop them from speeding. We tax smokers to get them to stop smoking. Why would we then tax income earners or companies that make great products? The answer, of course, is that we don’t tax them in order to get them to stop earning income or employing people. We tax them because government needs the revenues to fund spending. But don’t think for a second that income taxes don’t reduce incomes, employment taxes don’t reduce employment, or profit taxes don’t reduce business activity. Economics is all about getting the incentives right and taxes are an incentive not to do something.

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The left had no plausible explanation for why work, investment and growth was so abysmally low during a recovery, simply mumbling about the ‘new normal’
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Just take a look at that most talked about component of economic growth — productivity. Stanley Fischer, who until this month was vice-chair of the US Federal Reserve, has warned that slow growth in “capital investment and productivity” are the forces “holding down growth”. This leaves out the fundamental reason why investment and productivity are so low: government policies punish capital investment. Mr Trump has rightly highlighted one of those punitive measures: corporate taxation.

In 2000, during Mr Clinton’s final year in office, the highest federal tax rate on corporate profits was 35 per cent. That was well below the OECD average and substantially lower than either Germany or Japan’s highest corporate tax rate. By 2015 the US rate had not changed. Yet by then it was the highest in the OECD as countries across the world cut their rates.

US productivity has risen and fallen, but the overall direction has been down. It was high in Mr Clinton’s final years in office and during President George W Bush’s first term. Why? Simple: yes, Mr Clinton raised the rates of the top two tax brackets, but more importantly he cut government spending as a share of gross domestic product, cut the capital gains tax rate, and effectively removed capital gains from the sale of homes. He also passed welfare reform and promoted huge tax cuts on international trade. What’s not to love?

Mr Bush started out as a tax cutter. But then in his second term we had spending hikes, minimum wage increases, and a regulatory blitz. President Barack Obama doubled down on the Bush spending spree and raised income and investment taxes while vastly expanding welfare and benefits for those who do not work.

The left had no plausible explanation for why work, investment and growth was so abysmally low during a recovery, simply mumbling about the “new normal”. It was as if Americans just stopped wanting to work and businesses wanted to stop making money.

A Trump tax cut will help reverse these troubling trends quickly. The US is entering a new stage of massive productivity as we embrace the next phase of the digital age. Artificial intelligence and robotics could double the productivity of manufacturing. New drugs, medical devices and biotech procedures will cure or alleviate many debilitating illnesses that sap productivity.

With the correct economic policies of corporate tax rate reductions combined with deregulation, and pro-growth energy policies, all of these productivity-enhancing polices would find their home in America. Sustained growth of 3 to 4 per cent — up from 1.6 per cent in Mr Obama’s last year in office — is not just possible, but probable.

The writer, president of Laffer Associates, was an economics adviser to Donald Trump during the 2016 US presidential campaign