JCT staff report addresses comments to Ways & Means tax reform working groups

The Joint Committee on Taxation staff released a report May 6 that provides an overview of the current federal tax law and compiles suggestions and comments submitted to the 11 bipartisan working groups established by House Ways and Means Committee leaders earlier this year to explore specific topics in tax reform.

URL: http://newsletters.usdbriefs.com/2013/Tax/TNV/130506_1suppA.pdf

Highlights

The report summarizes the current federal tax system and provides more detailed descriptions of current law in each of the topic areas covered by the working groups. It then highlights – but takes no position on – a wide range of reform proposals from the last several years. These include, among others:


- Proposals from presidential commissions, such as President Obama’s 2010 National Commission on Fiscal Responsibility and Reform (Bowles-Simpson) and President Bush’s 2005 Advisory Panel on Federal Tax Reform;
- Legislative proposals, such as the 2007 “mother of all tax reform” legislation introduced by then-Ways and Means Chairman Charles Rangel, D-N.Y., and the Bipartisan Tax Fairness And Simplification Act, introduced by Sens. Ron Wyden, D-Ore., and Dan Coats, R-Ind.; and
- Proposals from think tanks and groups on various points of the political spectrum, such as the Bipartisan Policy Center, the Center for American Progress, the Heritage Foundation, and the American Enterprise Institute.

Comments to working groups – The report also includes summaries of suggestions and comments submitted to the Ways and Means Committee tax reform working groups by the public and stakeholders. (Again, the report takes no position on any of the material the working groups received.) In some cases, the suggestions contradict one another. For example, some comments urged the adoption of a territorial system for international taxation, while others advocated strengthening the current worldwide system.

Next steps

Although it does not provide specific policy recommendations, the report is likely to become a resource for House taxwriters as they undertake the task of developing comprehensive tax reform legislation. (Ways and Means Committee Chairman Dave Camp, R-Mich., has stated that the committee will move tax reform legislation in 2013.)

In the near term, the report will be the focus of two closed-door meetings in which the chair and vice chair of each working group will brief the full Ways and Means committee on the feedback they received during their discussions with stakeholders, academics and think tanks, practitioners, the general public, and House colleagues. The first meeting, scheduled for May 8, will cover issues related to charitable and exempt organizations; debt, equity, and capital; education and family benefits; and energy. The second, set for May 17, will address financial services, income and tax distribution, international policies, manufacturing, pensions and retirement, real estate and small business, and passthroughs.

Across the Capitol, the Senate Finance Committee continues to hold weekly members-only meetings on tax reform and plans to issue additional tax reform “options papers” through late June. The next paper is scheduled for release on May 9. Senate Finance Committee Chairman Max Baucus, D-Mont., who recently announced that he will retire when his current term ends in 2014, has indicated that he intends to “double down” on tax reform and move a bill through his committee this year.

URL: http://www.finance.senate.gov/issue/?id=6c61b1e9-7203-4af0-b356-357388612063

Although it remains unclear exactly when either taxwriting committee will mark up legislation, both Baucus and Ways and Means Chairman Camp could be looking to the upcoming debt limit negotiations later this summer as an action-forcing event that might pave the way for movement on tax reform soon thereafter.

— Jon Almeras & Michael DeHoff
Tax Policy Group
Deloitte Tax LLP