

International Tax Legislative Developments

ABA Section on Taxation

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Panelists:

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Current Proposals

- **H.R. 1 “Tax Reform Act of 2014” - December 2014**
 - **S. 2091 “United States Job Creation and International Tax Reform Act of 2012” – February 2012**
 - **“A Better Way” aka “the House Blueprint” – June 2016**
 - **“Comprehensive Tax Reform for 2015 and Beyond” – December 2014**
 - **“2017 Tax Reform for Economic Growth and American Jobs” - April 2017**
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Select Reform Options

- **Border Adjustable Tax**
 - **Mandatory Repatriation**
 - **Territoriality**
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Border Adjustable Tax

Advantages

- Imposing a BAT makes profit-shifting much more difficult, if not impossible.
- Anti-base erosion provisions could be significantly reduced.
- A BAT allows for other reforms such as full-expensing and income tax rate reduction or elimination.
- Economic adjustments will minimize price disparity.

Disadvantages

- Transitioning to the new system is not without cost, including potential economic disruptions.
 - Importers will be disproportionately impacted, if currency does not fully adjust.
 - WTO and trade concerns are raised.
 - MNCs incentivized to allocate costs to the U.S.
 - Problems in identifying the place of consumption.
 - Collection in cases of B2C payment.
 - Makes the tax treaty network obsolete.
 - Response from trading partners (other than WTO).
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Questions for Evaluating Reform

- Can we live with the current system?
 - Why does anyone think the U.S. needs international tax reform?
 - What are the bases for international tax rules?
 - What parts of the U.S. system need to be fixed?
 - What methods do the various proposals use to solve them?
 - What features are likely to survive?
 - Why is there controversy over the solutions?
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