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President's comments on taxes in speech to Congress

President Trump tonight addressed a joint session of Congress. In terms of tax issues, President Trump indicated that his economic team "is developing historic tax reform that will reduce the tax rate on our companies so they can compete and thrive anywhere and with anyone." He stated that "it will be a big, big cut." He also indicated that his administration will provide "massive" tax relief for the middle class.

In addition, the president emphasized the importance of creating "a level playing field for American companies and workers," stating that:

Currently, when we ship products out of America, many other countries make us pay very high tariffs and taxes—but when foreign companies ship their products into America, we charge them nothing or almost nothing.

He then provided an example of the difficulties U.S. businesses have doing business with other countries "because they tax our goods at such a high rate."

The president said that he believes strongly in free trade, "but it also has to be fair trade" and concluded that he would not let "America and its great companies and workers be taken advantage of anymore."

After the speech, Treasury Secretary Mnuchin issued a brief statement expressing the need to simplify the tax Code, reduce business tax rates, and make America competitive in the global economy.

KPMG observation

President Trump did not provide details regarding specific tax reform proposals, nor did he indicate when his administration might release its tax reform proposal. He also did not explicitly address the border adjustment proposal contained in the House

Republican “blueprint” for tax reform. It is not clear to what extent his comments about creating a level playing field relate to taxes, trade, or both.

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