



# TaxNewsFlash

## United States

No. 2017-219

June 7, 2017

### **Hatch's statement on tax reform: Revenue offsets “on the table”**

U.S. Senate Finance Committee Chairman Orrin Hatch (R-UT) today discussed current efforts of the Congress and the administration to unite behind a tax overhaul plan “...that will strengthen the economy, spur new job growth, and promote better opportunity for all Americans.”

Chairman Hatch's remarks were delivered at a conference in Washington, D.C., and are available on the Finance Committee's [website](#).

Among the issues addressed in Hatch's speech were:

- Revenue offsets and revenue neutrality
- Reducing tax rates and shifting to a territorial system
- Putting aside partisanship

#### **Revenue offsets and revenue objectives**

Chairman Hatch stated that “virtually any potential offset for reduced tax rates should be on the table.” He also indicated that this includes the border adjustment tax (BAT) proposal in the House tax reform blueprint, explaining that:

*I don't think I'm making any news when I say that, given the small margin of error we have in the Senate and the number of senators who oppose the very concept of a BAT, the proposal will have a difficult time becoming law. That said, I want to see the specifics of the proposal and find out if it works like its proponents say it will. Until then, I'm not going to publicly rule anything out.*

Finance Chairman Hatch also indicated that some Republicans may have a difficult time supporting a package that adds to the deficit and that he would have to “see where the votes are.” Nonetheless, Hatch expressed his personal view that he does not “see a problem with a tax reform proposal that loses revenue in the short-term if we can show that it will help put the economy on a better growth path.”

## **Rate reductions and international reforms**

The Finance Committee chairman also indicated that Republicans in the Senate, the House, and the White House were largely in agreement on “roughly 80 percent” of the key issues in tax reform, including, for example:

- The need to bring down tax rates on businesses (both corporations and passthroughs) to create jobs and grow the economy
- The need to fix the U.S. international tax system to make the United States more competitive while preventing base erosion

With respect to rate reduction, Chairman Hatch indicated that, although the general goal is to get rates as low as possible under the circumstances, he is not committed to any specific rate targets. Hatch explained that:

*[U]ntil we perform the surgery and start eliminating preferences and credits in order to bring down rates—and get official feedback from the Joint Committee on Taxation—we can’t speak definitively on the rate targets. And, of course, we have to see just where our members are going to object to the removal of certain tax provisions because, once again, our margin of error with regard to the vote total is very slim.*

With respect to changing the international tax system, Chairman Hatch noted the need to convert to a territorial system with safeguards to prevent base erosion.

## **Finding the “sweet spot”**

Chairman Hatch concluded his remarks by noting, that while “we all have our wish lists for what we’d like to see in tax reform,” any bill or proposal that can’t get 51 votes in the Senate and 218 votes in the House is “a waste of time.” Thus, he said that:

*My goal in tax reform is to find the proverbial “sweet spot,” that will maximize the growth potential of the final package without jeopardizing its prospects for passage. To that end, I am in constant contact with the administration and the leaders in the House, as well as the Senate leadership, in an ongoing effort to find that balance*

The information contained in TaxNewsFlash is not intended to be “written advice concerning one or more Federal tax matters” subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230, as the content of this document is issued for general informational purposes only, is intended to enhance the reader’s knowledge on the matters addressed therein, and is not intended to be applied to any specific reader’s particular set of facts. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

KPMG International is a Swiss cooperative that serves as a coordinating entity for a network of independent member firms. KPMG International provides no audit or other client services. Such services are provided solely by member firms in their respective geographic areas. KPMG International and its member firms are legally distinct and separate entities. They are not and nothing contained herein shall be construed to place these entities in the relationship of parents, subsidiaries, agents, partners, or joint venturers. No member firm has any authority (actual, apparent, implied or otherwise) to obligate or bind KPMG International or any member firm in any manner whatsoever.

Direct comments, including requests for subscriptions, to [Washington National Tax](#). For more information, contact KPMG's Federal Tax Legislative and Regulatory Services Group at + 1 202.533.4366, 1801 K Street NW, Washington, DC 20006-1301.

To unsubscribe from TaxNewsFlash-United States, reply to [Washington National Tax](#).

[Privacy](#) | [Legal](#)