TaxNewsFlash

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Senate Finance Committee approves tax reform bill, including Chairman's "manager's amendment"

The U.S. Senate Finance Committee this evening completed its markup of a tax reform bill, and approved the bill on a party-line vote of 14 to 12, thus sending the bill to the full Senate for its consideration.

Senate Finance Chairman Orrin Hatch (R-UT) this evening presented a "manager's amendment" to the Chairman's modified mark during the Finance Committee's markup of the "Tax Cuts and Jobs Act." The **manager's amendment** [PDF 104 KB] which was approved by the committee, includes clarifications, modifications, and additions to provisions in the Chairman's mark, including measures relating to:

- Modifying the limitation on excessive employee remuneration
- Revising a provision on the excise tax based on investment income of private colleges and universities
- Taking into account charitable contributions and foreign taxes in determining limitation on allowance of partner's share of loss
- Clarifying that the limitation on deduction for interest does not apply to certain electric cooperatives
- Treating deferred foreign income upon transition to participation exemption system of taxation (relevant to REITs)
- Modifying a credit for clinical testing expenses for certain drugs for rare diseases or conditions ("orphan drug" measure)
- Modifying the effective date of the net operating loss deduction provision described in the modified mark
- Modifying the effective date of the deduction for meals provided at convenience of the employer
- Adding a reporting requirement for research and experimental expenditures in tax years beginning after 2024
- Exempting regulated investment companies from the first-in first-out rule with respect to cost basis of specified securities determined without regard to

identification

- Modifying the rehabilitation tax credit
- Providing relief for retirement plan distributions and modifying the casualty loss deduction for the Mississippi River Delta flood disaster area
- Imposing a three-year holding period for qualification as long-term capital gain with respect to certain partnership interests received in connection with the performance of services
- Increasing the excise tax on stock compensation from an inversion
- Repealing the deduction for local lobbying expenses
- Imposing a reporting requirement on dividends paid by corporate taxpayers