



# TaxNewsFlash

## United States

No. 2016-428  
September 23, 2016

### Legislative update: House approves various tax and regulatory bills

The U.S. House of Representatives this week passed several bills—including bills relating to miscellaneous tax issues, tax administration, state and local taxes, trade, and regulations.

The bills passed by the House include the following.

- **H.R. 5719**, *Empowering Employees through Stock Ownership Act*—a bill that would promote employee ownership of startup companies by addressing the tax treatment of restricted stock units and stock options issued to employees. Passed by a vote of 287 to 124.

The administration has issued a Statement of Administration Policy (SAP) indicating that it “strongly opposes” H.R. 5719 because the approximately \$1 billion 10-year revenue cost is not offset.

- Read text of [H.R. 5719](#) [PDF 256 KB]
- Read Joint Committee on Taxation (JCT) descriptions [JCX-74-16](#) and [JCX-75-16](#)
- Read the [Statement of Administration Policy](#) [PDF 212 KB]

#### KPMG observation

The Senate Finance Committee this week approved a broad retirement savings bill that includes similar provisions for allowing qualified employees to defer inclusion of income attributable to qualified stock transferred to the employee by the employer. Read [TaxNewsFlash-Legislative Update](#)

- **H.R. 2315**, *Mobile Workforce State Income Tax Simplification Act*—a bill that would limit the authority of states to tax certain income of employees for employment

duties performed in other states. Passed by a voice vote under suspension of the rules procedures that require at least two-thirds of the members voting to vote in favor of the bill.

- Read text of [H.R. 2315](#)

For more information about H.R. 2315, read [TaxNewsFlash-Legislative Update](#)

### KPMG observation

The House passed a prior version of H.R. 2315 last year. Similar legislation ([S. 386](#)) has been introduced in the Senate and has 46 bi-partisan co-sponsors.

### Miscellaneous tax and trade bills

The House also passed the following miscellaneous bills under suspension of the rules procedures:

- **H.R. 3957**, *Emergency Citrus Disease Response Act*—a bill that would address the tax treatment of costs associated with replanting citrus crops that have been decimated by a crippling bacterial disease. Passed by a vote of 400 to 20.
  - Read text of [H.R. 3957](#) [PDF 242 KB]
  - Read JCT descriptions [JCX-70-16](#) and [JCX-71-16](#)
- **H.R. 5946**, *United States Appreciation for Olympians and Paralympians Act*—a bill that would address the tax treatment of medals or other prizes awarded to Team USA athletes during the Olympic and Paralympic games. A modification to this bill was approved last week by the Ways and Means Committee. Passed by a vote of 415 to 1.
  - Read text of [H.R. 5946](#) [PDF 242 KB]
  - Read JCT descriptions [JCX-72-16](#) and [JCX-73-16](#)
  - Read the [modification](#) [PDF 368] approved last week by Ways and Means

### KPMG observation

The Senate passed legislation ([S. 2650](#)) earlier this year addressing the taxation of Olympic athletes.

- **H.R. 5523**, the *Clyde-Hirsch-Sowers RESPECT Act*—or the Restraining Excessive Seizure of Property through the Exploitation of Civil Asset Forfeiture Tools Act. Among other things, this bill would: (1) prohibit the IRS from conducting seizures relating to a structuring transaction unless the property to be seized was derived from an illegal source or the funds were structured for the purpose of concealing the violation of another criminal law or regulation; (2) require the IRS to notify

individuals with an ownership interest in the property of their rights to a hearing; and (3) clarify that interest on wrongly seized funds is exempt from income tax in certain situations. Passed unanimously.

- Read text of [H.R. 5523](#)
- Read [Committee report](#) on H.R. 5523.
- **H.R. 2285**, *Prevent Trafficking in Cultural Property Act*—a bill that would aim to improve enforcement against trafficking in cultural property to prevent stolen or illicit cultural property from financing terrorist and criminal networks. Passed unanimously.
- Read text of [H.R. 2285](#) [PDF 247 KB]

## Regulatory bill

The House also passed H.R. 3438, the *REVIEW Act of 2016*—a bill that would require a federal agency to postpone the effective date of a rule that the Office of Information and Regulatory Affairs determines may impose an annual cost on the economy of at least \$1 billion pending judicial review, but would permit such a rule to take effect 60 days after publication in the Federal Register if no person seeks judicial review during such period. The bill passed by a vote of 244-180.

The administration issued a Statement of Administration Policy indicating that, if the president were presented with H.R. 3438, his senior advisors would recommend that he veto the bill for a variety of policy reasons.

- Read text of [H.R. 3438](#)
- Read [H. Rept. 114-743](#)
- Read the [Statement of Administration Policy](#) [PDF 212 KB]

## What's next?

The Senate has addressed issues similar to those presented in some of the bills. Senate action on other issues is not certain. It also is not clear whether Congress might send any tax legislation to the president between now and the end of the year.

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](#)