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GMS Flash Alert

2017-162 | November 9, 2017

United States - House Ways & Means Committee submits tax reform bill for consideration

Today, November 9, 2017, House Ways and Means Committee Chairman Kevin Brady (R-TX) offered a "manager's amendment" to the Tax Cuts and Jobs Act[1], the House tax reform bill which was released on November 2, 2017.

Later, the Ways and Means Committee voted to approve the bill, including those amendments. The House is expected to vote on the bill in the days to come.

See our analysis of the TCJA's main provisions affecting global mobility in GMS *Flash Alerts* 2017-157 and 2017-161.[2] In this alert, we highlight some amendments to the bill that were made today.

WHY THIS MATTERS

Tax reform was a key campaign promise of President Trump, and has long been a goal of Congressional Republicans. Control of the Presidency and both houses of Congress presents a rare opportunity to accomplish tax reform that advances goals that the party cherishes, although divergent opinion within the ranks means that true tax reform, as opposed to simple tax cuts, may be a difficult goal to attain. The Senate is expected soon to release its own tax reform bill.

As we have observed, the proposed changes to the individual income tax rates would affect the overall cost of equalized assignments to and from the United States. However, outcomes will vary depending on each taxpayer's specific facts. In addition, significant changes to United States taxation may necessitate changes to the manner in which hypothetical tax and year-end tax equalization settlements are calculated.

Amendments to the TCJA

As noted above, on November 9, 2017, House Ways and Means Committee Chairman Kevin Brady (R-TX) offered a "manager's amendment" to the TCJA, which will be incorporated into the language of the bill that will be voted on by the House. Key amendments relevant to individuals and international assignment programs include:

- The initial version of the bill included a special 25 percent tax rate applicable to certain business income of individuals. The amendments provide for a rate of 9% on the first $75,000 of such income. The benefit of this lower rate would be phased out if taxable income exceeds $150,000 (these amounts are reduced by half for unmarried individuals). This lower tax rate would be phased in over five years.
- The tax credit for qualified adoption expenses would be retained as in current law.
- Reimbursements of qualified moving expenses would remain excludible from income in the case of a member of the Armed Forces on active duty who moves pursuant to a military order.
- Proposed changes to taxation of deferred compensation have been deleted.

FOOTNOTES:

1 See the text of the bill, H.R. 1, "Tax Cuts and Jobs Act."

2 GMS *Flash Alerts* 2017-157 (November 2, 2017) and 2017-161 (November 7, 2017).

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Join KPMG LLP's Global Mobility Services for a webinar December 12, 2017

KPMG LLP's Global Mobility Services will be hosting a webinar on December 12, 2017 at 2 pm EST to discuss tax reform and global mobility policy considerations. Registration will open soon, so look for the registration link on our Global Mobility homepage at www.kpmg.com/us/globalmobility.

The above information 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.

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