

## TAX REFORM ALERT

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### White House Announces Tax Reform Proposals

By [John B. Waters](#), Counsel

On April 26, 2017, the White House distributed a one-page outline of its tax reform proposals entitled “2017 Tax Reform for Economic Growth and American Jobs” (Outline). The reforms in the Outline are set forth in general terms and are divided into **Individual Reforms** and **Business Reforms** as follows:

#### Individual Reforms:

- Reducing the seven tax brackets to three tax brackets of 10%, 25%, and 35%
- Doubling the standard deduction
- Providing tax relief for families with child and dependent care expenses
- Eliminating targeted tax breaks that mainly benefit the wealthiest taxpayers
- Protecting the mortgage interest and charitable gift tax deductions
- Repealing the Alternative Minimum Tax
- Repealing the estate tax
- Repealing the 3.8% Net Investment Income Tax

#### Business Reforms:

- Changing to a single 15% business tax rate
- Changing to a territorial tax system
- Introducing a one-time tax on repatriation of offshore income
- Eliminating tax breaks for special interests

The proposals in the Outline are broad. Due to its lack of detail, the Outline raises many questions including:

- The income thresholds at which the various tax rates will apply
- The nature of the tax relief for families with child and dependent care expenses
- The non-business deductions and credits that will be eliminated for individuals (such as the deduction of state and local taxes)
- The targeted tax breaks to be eliminated
- The manner in which the 15% business tax rate will be implemented with respect to pass-through entities and sole proprietors
- The details of the new territorial tax system
- The details of the one-time tax on repatriation of offshore income
- The tax breaks to be eliminated for “special interests”

In recognizing that the details of the various reforms will need to be worked out, the Outline describes the following process to accomplish this:

“Throughout the month of May, the Trump administration will hold listening sessions with stakeholders to receive their input and will continue working with the House and Senate to develop the details of a plan that provides massive tax relief, creates jobs, and makes America more competitive — and can pass both chambers.”

If you have any questions about the proposed tax reform, please contact one of the listed Roetzel attorneys.

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