

Report on recent US international tax developments - 29 June 2018

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House Ways and Means Committee Chairman Kevin Brady said on 26 June that he does not see tax reform 2.0 as one bill. Rather, he suggested that a "phase 2" reform will be a package of "two, three, or four approaches," with permanency of temporary individual and small business provisions under the *Tax Cuts and Jobs Act* (TCJA) being one of them. The Chairman added that the House is aiming to send the best tax reform 2.0 package possible to the Senate, where Majority Leader Mitch McConnell and other Republicans will choose those areas they have the most interest in moving forward.

As for timing, Chairman Brady said he expects Ways and Means Committee Republicans to begin circulating a draft to House Republicans after the 4 July recess, then listening to concerns about what members want to see in the bill and incorporating changes into a legislative outline to be released in early August. Votes would follow in the fall, depending on when leadership wants to schedule them. The Senate Majority Leader meanwhile this week said that enactment of tax legislation this year would require the support of Senate Democrats, something that may be difficult to achieve.

The Internal Revenue Service (IRS) plans to issue new proposed rules this year for controlled foreign corporations' (CFCs) previously taxed income (PTI) that will address issues related to the TCJA's global intangible low-taxed income (GILTI) and Internal Revenue Code Section¹ 965 repatriation transition, according to a senior IRS official. According to the official, the IRS is considering

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