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**Federal Tax Day - Current, C.1, House Ways and Means Committee Approves Tax Reform 2.0 Package, (Sep. 14, 2018)**

House Republican tax writers have advanced a "Tax Reform 2.0" legislative package. The measure is expected to reach the House floor for a full chamber vote by the end of this month.

The House Ways and Means Committee debated the GOP Tax Reform 2.0 three-bill package in a September 13 markup that ran almost seven hours. The package focuses on making permanent individual and small business tax cuts, and creating incentives for retirement savings and business innovation. The following three bills were approved:

Protecting Family and Small Business Tax Cuts Bill of 2018 ([HR 6760](http://prod.resource.cch.com/resource/scion/citation/pit/HR6760/CONGLINK?cfu=TAA&cpid=WKUS-TAA-IC&uAppCtx=RWI));

Family Savings Bill of 2018 ([HR 6757](http://prod.resource.cch.com/resource/scion/citation/pit/HR6757/CONGLINK?cfu=TAA&cpid=WKUS-TAA-IC&uAppCtx=RWI)); and

American Innovation Bill of 2018 ([HR 6756](http://prod.resource.cch.com/resource/scion/citation/pit/HR6756/CONGLINK?cfu=TAA&cpid=WKUS-TAA-IC&uAppCtx=RWI)).

**Individual, Small Business Tax Cuts**  
HR 6760 would make permanent the individual and small business tax cuts enacted temporarily through 2025 under the Tax Cuts and Jobs Act (TCJA) ([P.L. 115-97](http://prod.resource.cch.com/resource/scion/citation/pit/PL115-97/CONGLINK?cfu=TAA&cpid=WKUS-TAA-IC&uAppCtx=RWI)). These TCJA provisions were made temporary to comply with certain Senate budget rules applicable to the reconciliation process Republicans used to pass tax reform with only a simply GOP majority. Notably, TCJA provisions that would be made permanent under HR 6750 include, among others:

* the lowered individual income tax rates;
* 20 percent deduction of income for qualifying pass-through entities;
* $12,000 (individual) and $24,000 (married filing jointly) standard deduction; and
* the $10,000 annual cap on the state and local tax (SALT) deduction.

**Family Savings and Business Innovation**  
HR 6757 aims to simplify certain rules for employer retirement plans and eliminates the age limit on IRA contributions, among other things. Additionally, it would create a Universal Savings Account (USA), while also allowing tax-advantaged Code Sec. 529 Plans to be used for expenses related to trade schools, home schooling, and up to $10,000 in total distributions for repayment of student loans.

HR 6756 would improve the tax treatment of certain start-up businesses. The bill would allow new businesses to write off up to $20,000 of start-up and organization expenditures. Additionally, HR 6756 would allow for a change in start-up ownership without triggering limits on certain tax benefits.

**JCT**  
The Joint Committee on Taxation (JCT), a nonpartisan congressional scorekeeper, has estimated that all three bills will cost the federal government revenue. As noted in [JCX-71-18](http://prod.resource.cch.com/resource/scion/citation/pit/JCX-71-18/CONGLINK?cfu=TAA&cpid=WKUS-TAA-IC&uAppCtx=RWI), the JCT estimates that making permanent the individual and small business tax cuts under the TCJA, as proposed by HR 6760, would cost the federal government $631 billion in lost revenue over the next ten years. Additionally, the JCT has estimated that HR 6756 and HR 6757, collectively, would cost approximately $26 billion in lost federal revenue over the next 10 years, ([JCX-75-18](http://prod.resource.cch.com/resource/scion/citation/pit/JCX-75-18/CONGLINK?cfu=TAA&cpid=WKUS-TAA-IC&uAppCtx=RWI), [JCX-78-18](http://prod.resource.cch.com/resource/scion/citation/pit/JCX-78-18/CONGLINK?cfu=TAA&cpid=WKUS-TAA-IC&uAppCtx=RWI)).

**Tax Reform 2.0’s Fate Uncertain**  
Tax Reform 2.0’s fate remains largely uncertain as it makes its way through the legislative process. While the measure is expected to garner enough Republican support in the House, despite certain GOP criticisms of the SALT deduction Cap, ([TAXDAY, 2018/09/06, C.1](http://prod.resource.cch.com/resource/scion/citation/pit/20180906-C.1/2006TAX-FTD?cfu=TAA&cpid=WKUS-TAA-IC&uAppCtx=RWI)), it is not expected as a whole to fare well in the Senate. There is talk on Capitol Hill that Democrats could potentially support the retirement savings and business innovation bills in some form. However, it is considered unlikely that Democrats will support making permanent certain provisions of a law (the TCJA) for which not a single Democrat voted.

By Jessica Jeane, Senior News Editor