

# TAX



**TAX REFORM.** The Tax Cuts and Jobs Act is now Public Law 115-97. Completed in 48 days of legislative work, a record for such a major bill, the new law will need some refinement in 2018.

Lower rates were achieved for companies and individuals. As for simplification, that is a mixed bag. There will be millions of individual taxpayers who choose the enhanced standard deduction on the 1040EZ form and save themselves the trouble of filing a 1040 with Schedule A deductions. On the corporate side, however, simplification is not a word we would use to describe the legislation that moves the U.S. to a territorial system. In the massive bill, there are already numerous questions about how the new tax system will be implemented and regulated. These questions will manifest themselves into requests for necessary technical corrections. We understand that those technical corrections will be considered this spring by the tax writing committees.

**TAX EXTENDERS.** There are other tax issues that will receive attention as well. There is a desire to block some of the Affordable Care Act taxes and at least two sets of tax extenders that may receive consideration.

The first set of provisions incorporate the traditional tax extenders, including energy and non-energy provisions, which expired in 2016. Senator Hatch introduced in December legislation to extend these provisions through 2018. The second set of provisions addresses the Medicare extenders. In addition, medical device manufacturers are seeking at least a delay in the implementation of the ACA's medical device excise tax, which went into effect on January 1.

There is also the need to provide clear tax guidance for businesses in Puerto Rico under the new law. We believe legislation will be considered to address the many great needs in Puerto Rico early this year.

It is not clear whether these bills will have to be paid for or whether Democrats will support these efforts. As for timing, some lawmakers want many of these items to be attached to the spending bills for FY 2018. Whether this is the CR/Omnibus bill due January 19 or some other funding bill later, we will be closely monitoring these measures for opportunities for our clients.

**FOR QUESTIONS OR MORE INFORMATION CONTACT:**

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