Alternativas Fiscales para Inversiones en EUA

TAX REFORM UPDATE

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PAYING FOR TAX REFORM

A. STATUS OF THE AFFORDABLE CARE ACT.

B. GROWTH ASSUMPTIONS FOR TAX REFORM.

MAJOR PROPOSALS

A. PRESIDENT TRUMP'S PROPOSAL – April 26, 2017

B. (Compare Trump Campaign Tax Proposal)

C. A BETTER WAY BLUEPRINT – June 24, 2016

2017 Tax Reform for Economic Growth and American Jobs

The Biggest Individual And Business Tax Cut In American History

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Goals For Tax Reform

- Grow the economy and create millions of jobs
- Simplify our burdensome tax code
- Provide tax relief to American families—especially middle-income families
- Lower the business tax rate from one of the highest in the world to one of the lowest

Individual Reform

- Tax relief for American families, especially middle-income families:
  - Reducing the 7 tax brackets to 3 tax brackets of 10%, 25% and 35%
  - Doubling the standard deduction
  - Providing tax relief for families with child and dependent care expenses
- Simplification:
  - Eliminate targeted tax breaks that mainly benefit the wealthiest taxpayers
  - Protect the home ownership and charitable gift tax deductions
  - Repeal the Alternative Minimum Tax
  - Repeal the death tax
- Repeal the 3.8% Obamacare tax that hits small businesses and investment income

Business Reform

- 15% business tax rate
- Territorial tax system to level the playing field for American companies
- One-time tax on trillions of dollars held overseas
- Eliminate tax breaks for special interests

Process

- 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.

A BETTER WAY

OUR VISION FOR A CONFIDENT AMERICA

Tax

June 24, 2016

better.gop

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Tax Rates

INDIVIDUALS

INDIVIDUAL RATE SCHEDULE

Current	Trump	Blueprint
10%, 15%, 25%, 28%, 33%, 35%, 39.6	10%, 25%, 35%	12%, 25%, 33%

Income brackets subject to new tax rates have not yet been finalized.

STANDARD DEDUCTION

2016	Trump	Blueprint
Single - $6,300	12,600	$12,000
Married filing jointly - $12,600	$25,200	$24,000

[Blueprint states that Plan would consolidate standard deduction and personal exemptions]

ELIMINATION OF MOST ITEMIZED DEDUCTIONS EXCEPT MORTGAGE INTEREST DEDUCTION AND CHARITABLE DEDUCTION

REPEAL INDIVIDUAL AMT

REPEAL 3.8% TAX

Blueprint Postcard

1	Wage and compensation income	1	
2	Add 1/2 of investment income	2	
3	Subtract contributions to specified savings plans	3	
4	Subtract standard deduction OR	4	
5	Subtract mortgage interest deduction	5	
6	Subtract charitable contribution deduction	6	
7	Taxable income	7	
8	Preliminary tax (from tax table)	8	
9	Subtract child credit	9	
10	Subtract earned income credit	10	
11	Subtract higher education credit	11	
12	Total tax	12	
13	Subtract taxes withheld	13	
14	**Refund due / taxes owed**	14	

CORPORATE AND PASS THROUGH RATES

CORPORATE

RATES

	CURRENT	Trump	Blueprint
Corporate	Graduated rates up to 35%	15%	20%

REPEAL CORPORATE AMT

PASS-THROUGHS

Pass-Through	Graduated rates	15%	Limit to 25%

CAPITAL INVESTMENT/INTEREST DEDUCTION

President Trump Campaign Proposal	Blueprint
Businesses could elect to either be taxed on the current income tax with a deduction for interest and capitalization of capital expenditures or to currently deduct capital expenditures but forgo the interest deduction	Businesses would be allowed full and immediate expensing of the cost of tangible property (such as equipment and building) and intangible assets but not land; Interest expense will be deductible only against interest income. No net interest expenses will be allowed. Net interest expense can be carried forward and allowed as a deduction against net interest income in future years

NET OPERATING LOSS DEDUCTION

Blueprint: Net operating losses (NOLs) will be allowed to be carried forward indefinitely and will be increased by an interest factor that compensates for inflation and a real return on capital to maintain the value of amounts that are carried forward.

Carrybacks of net operating losses will not be permitted and the deduction allowed with respect to an NOL carryforward in any year will be limited to 90 percent of the net taxable amount for such year determined without regard to the carryforward.

IMPLEMENT TERRITORIAL SYSTEM OF TAXATION

Trump: Territorial tax system to level the playing field for American companies

Blueprint: This Blueprint will replace the existing outdated worldwide tax system with a 100-percent exemption for dividends from foreign subsidiaries. This will allow American-based companies to compete in global markets on an equal footing. It also will eliminate the "lock-out effect" of current law, allowing American-based companies to bring home their foreign earnings to be reinvested in United States without additional tax cost.

TAX HOLIDAY

President Trump's Proposal: One-time tax on trillions of dollars held overseas.

Trump Campaign Proposal: A one-time deemed repatriation of corporate cash held overseas at a significantly discounted 10% tax rate. Since we are making America's corporate tax rate globally competitive, it is only fair that corporations help make that move fiscally responsible. U.S.-owned corporations have as much as $2.5 trillion in cash sitting overseas. Some companies have been leaving cash overseas as a tax maneuver. Under this plan, they can bring their cash home and put it to work in America while benefitting from the newly-lowered corporate tax rate that is globally competitive and no longer requires parking cash overseas. Other companies have cash overseas for specific business units or activities. They can leave that cash overseas, but they will still have to pay the one-time repatriation fee.

Blueprint: The existing U.S. international tax regime has led to trillions of dollars in foreign earnings of American-based companies being "stranded" overseas because the tax rules discourage companies from bringing those earnings back to reinvest at home. As part of the move to the modern territorial approach to international taxation, this Blueprint will provide rules that will allow foreign earnings that have accumulated overseas under the old system to be brought home. Accumulated foreign earnings will be subject to tax at 8.75 percent to the extent held in cash or cash equivalents and otherwise will be subject to tax at 3.5 percent (with companies able to pay the resulting tax liability over an eight-year period). This will free up the more than $2 trillion in foreign earnings that have been locked out of the United States by the current tax rules. And no such build-up A Better Way will occur under the international tax rules provided in this Blueprint, as businesses will be free to bring home their foreign earnings to be invested to create American jobs and grow their U.S. operations.

BORDER ADJUSTMENT TAX

Blueprint: Because this Blueprint reflects a move toward a cash-flow tax approach for businesses, which reflects a consumption-based tax, the United States will be able to compete on a level playing field by applying border adjustments within the context of our transformed business and corporate tax system. For the first time ever, the United States will be able to counter the border adjustments that our trading partners apply in their VATs. The cash-flow based approach that will replace our current income-based approach for taxing both corporate and non-corporate businesses will be applied on a destination basis. This means that products, services and intangibles that are exported outside the United States will not be subject to U.S. tax regardless of where they are produced. It also means that products, services and intangibles that are imported into the United States will be subject to U.S. tax regardless of where they are produced. This will eliminate the incentives created by our current tax system to move or locate operations outside the United States. It also will allow U.S. products, services, and intangibles to compete on a more equal footing in both the U.S. market and the global market.

EFFECTIVE DATES?

TRANSITIONAL RULES?

STATUS OF 2014 CAMP PROPOSAL ON LIMITATION ON USE OF CASH METHOD OF ACCOUNTING BY SERVICE FIRMS

A. Introduced in 2014.

B. Description of Proposal (from Joint Committee on Tax'n Explanation)

The proposal both expands and restricts the universe of taxpayers that may use the cash method of accounting. Under the proposal, the cash method of accounting may only be used by natural persons (*i.e.*, sole proprietors) and taxpayers other than tax shelters that satisfy the gross receipts test. The gross receipts test allows taxpayers with annual average gross receipts that do not exceed $10 million for the three prior taxable-year period to use the cash receipts and disbursements method, so long as use of such method clearly reflects income. The proposal eliminates the exceptions for qualified personal service corporations. Thus, personal service corporations generally are precluded from using the cash method unless such personal service corporation satisfies the gross receipts test. However, the proposal retains the exception for farming business such that farming businesses are not precluded from using the cash method regardless of whether they meet the gross receipts test. Under the proposal, the rules for the nonaccrual experience method are retained and are moved from section 448 to new subsection (j) under section 451. In the case of any taxpayer required by this section to change its method of accounting for any taxable year, such change is treated as initiated by the taxpayer and made with the consent of the Secretary.