US Representative Kevin Brady this week succeeded Paul Ryan to become the next Chairman of the House Ways and Means Committee. Chairman Ryan last week was elected House Speaker. Chairman Brady was quoted as saying that his short-term tax agenda includes tax extenders and international tax reform.

On the issue of tax extenders, the new Chairman said he favors a permanent solution, but indicated he may have to go along with a two-year extension (one year retroactive and one year forward). Two key international tax provisions are in the mix of expired extenders: the Subpart F active financing exception and the controlled foreign corporation (CFC)-to-CFC look-through provision.

The House will be in recess next week and return the week of 16 November; the Senate will remain in Washington.

The House this week passed a six-year highway bill with three years of funding. The House and Senate are expected to convene a formal conference committee with the aim to resolve differences in the transportation provisions and certain revenue measures. The current highway spending authorization expires on 20 November. There had been speculation over the summer that Congress might use international tax reform as a revenue-source for long-term highway funding, but that plan fizzled.
On 5 November 2015, the White House released the 2000+ page text of the Trans-Pacific Partnership (TPP), providing details on the controversial trade agreement that covers 12 Pacific-rim nations, including Japan and Australia. The agreement was signed on 4 October 2015. Congress earlier approved Trade Promotion Authority legislation that will allow for expedited consideration of TPP and other agreements and a simple-majority vote in the Senate. It is not clear whether Congress will take action on TPP in 2016, or wait until after the next presidential election.

In other news, a Treasury official this week was quoted as saying the government may be amenable to narrowing the rule in the recently proposed Section 367 regulations that would eliminate the exception in the current Section 367(d) temporary regulations for the outbound transfer of foreign goodwill. The official said Treasury may be open to permitting an exception if there is no likelihood of abuse. The proposed regulations under Section 367, released on 14 September 2015, are meant to ensure that the outbound transfer of foreign goodwill and going concern value (e.g., trademarks or trade names) is subject to either Section 367(a) or (d).

Endnotes

1. See EY Global Tax Alert, Trans-Pacific Partnership countries reach agreement on trade agreement terms, dated 14 October 2015.

2. See EY Global Tax Alert, Proposed US regulations would subject outbound transfers of foreign goodwill or going concern value to tax under Section 367(a) or (d), dated 29 September 2015.
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