US President releases Budget and tax proposals

Executive summary

On 4 March 2014, President Obama released a $3.9 trillion Budget for FY2015 that includes new international tax revenue-raising proposals aimed at offsetting the cost of other Administration priorities. Some of the new proposals appear to reflect initiatives that are in line with the tax policy work being done by a number of countries as part of the OECD Base Erosion and Profit Shifting (BEPS) project. The Budget also renews the call for business tax reform in large part by earmarking some of the revenue raised from business tax increases to a “reserve fund” that would make a down payment on reducing the corporate tax rate and produce revenue that would be diverted to the Highway Trust Fund, while other revenue raisers are presented outside the context of reform.

Some of the proposals in the Budget are included in some form in House Ways and Means Committee Chairman Dave Camp’s comprehensive tax reform discussion draft released 26 February 2014,¹ including proposals aimed at financial products. In addition, Camp also would divert to the Highway Trust Fund some of the revenue raised through business tax reform.

Practically speaking, the Budget represents the political and policy position of the White House in a mid-term election year, and the realities of election-year politics and the Congressional budget process this year suggest most of the President’s plan will make little progress on Capitol Hill. The most significant example of the Administration’s mindset is the fact that this year’s fiscal blueprint does not include last year’s budget proposal to move to the “chained CPI (Consumer Price Index)” measure for indexing Social Security benefits and tax provisions. The omission represents a shift in focus away from a large-scale budget deal with Republicans, which has failed to gain traction in recent years and now appears less urgent. In addition, with the FY2015 discretionary spending level having already been set at $1.014 trillion by the Bipartisan Budget Act of 2013, it remains unclear whether the House and Senate will actually produce a budget resolution this year. With the level in place for FY2015, Senate Democrats have announced they will not
produce a Budget Resolution; it is unclear how House Republicans will proceed, though House Republican leaders have expressed some desire to try to produce a budget document this spring.

This year’s Budget also reflects the President’s broader pivot toward issues related to economic inequality. Among the first new proposals previewed by the Administration was an expansion of the earned income tax credit (EITC) to workers without children. The Administration has said the $60 billion cost of this proposal will be paid for in part by taxing carried interest as ordinary income and extending the payroll tax to cover distributions from certain pass-through entities engaged in a professional service business.

Also reflected is the President’s proposal, touted in recent speeches, of tying $150 billion in “one-time transition revenue from pro-growth tax reform” to highway funding as part of a $302 billion, four-year surface transportation reauthorization proposal. The Treasury Department Green Book said the $150 billion would come from the temporary revenue from, for example, $1 trillion-$2 trillion of untaxed foreign earnings US companies have accumulated overseas, from repealing the LIFO inventory method, and from reforming accelerated depreciation. Chairman Camp’s tax reform draft called for allocating to the Highway Trust Fund $126.5 billion of revenue from the deemed repatriation of foreign earnings in the transition to a participation exemption system.

The Budget’s reserve for business tax reform includes revenue-raising proposals on international taxes and other issues, alongside provisions that would cost money, like an enhanced and permanent research tax credit. While last year’s Budget did not identify a target statutory corporate income tax rate, this year’s main Budget document reiterates that the President is aiming for a corporate rate of 28%, and a rate of no more than 25% for manufacturing, which were stated in his February 2012 Framework for Business Tax Reform. Still, the Treasury Green Book indicates that the business tax reform reserve fund only raises $250 billion, which would not be sufficient to lower the corporate tax rate from 35% to close to 28%. Other tax provisions that raise revenue are presented outside of the reserve fund.

Detailed discussion

Business tax reform

Like previous years, the permanent research credit proposal would increase the rate of the alternative simplified credit (ASC) from 14% to 17%, effective after 31 December 2014, at a cost of roughly $108 billion over 10 years (note: the current research credit expired 31 December 2013). Chairman Camp’s tax reform draft proposed making the ASC 15% of the qualified research expenses for the tax year that exceed 50% of the average qualified research expenses for the preceding three years.

The Budget again includes a proposal to eliminate the tax deduction that US companies currently receive for expenses related to moving operations overseas and creates a new tax credit to cover moving expenses for companies to relocate production from overseas locations to the United States, which would cost $212 million over 10 years.

The Budget also includes a proposal to permanently extend the work opportunity tax credit (WOTC) to apply to wages paid to qualified individuals who begin work for the employer after 31 December 2013. The proposal would also permanently extend the Indian employment credit to apply to wages paid to qualified employees in tax years beginning after 31 December 2013, and modify the calculation of the credit. (-$9.7 billion over 10 years)

Most other tax provisions that expired at the end of last year would not be extended as part of the President’s Budget.

International tax reform

The Administration has retained most of the international tax proposals that were in last year’s budget and has added several new ones, which are listed first.

Restrict deduction for disproportionate interest expense of US members of worldwide groups. This proposal would limit the net interest expense deduction of a US corporate taxpayer (including a US consolidated group) that is a member of a worldwide consolidated group to the US member’s proportionate share of the worldwide group’s net interest expense (computed using US tax
principles). The proportionate share would be based on the member’s proportionate share of the worldwide group’s earnings before interest, taxes, depreciation and amortization. The US member would be able to elect an alternative limitation on its interest deduction equal to 10% of the US member’s adjusted taxable income. The proposal would not apply to financial services companies. (+$48.5 billion over 10 years)

**Subpart F taxation of income from digital goods or services.** The proposal would create a new category of subpart F income called foreign base company digital income, consisting of a CFC’s (controlled foreign corporation’s) income from the lease or sale of a digital copyrighted article or the provision of a digital service, if the CFC uses intangible property developed by a related party and the CFC does not make a substantial contribution, through its own employees, to the development of the copyrighted article or services that give rise to the income. An exception would apply to income from customers located in the CFC’s country of incorporation. (+$11.6 billion over 10 years)

**Subpart F taxation of income from related-party contract manufacturing arrangements.** This proposal would expand foreign base company sales income to include a CFC’s income from the sale of goods manufactured on behalf of the CFC by a related person, regardless of whether the CFC made a substantial contribution, through its own employees, to the manufacture of the goods. (+$24.6 billion over 10 years)

**Deny deductions for related-party interest or royalty payments involving hybrid arrangements.** This proposal would deny deductions for interest or royalty payments to related parties in circumstances involving hybrid arrangements. A hybrid arrangement would exist if the payment was not includible in a foreign recipient’s taxable income, or if the US taxpayer were able to claim a deduction for the same payment in a foreign country. Treasury would be given regulatory authority to expand the scope to cover structured unrelated-party arrangements and situations when the payment is taxable in the foreign recipient’s country at a preferential rate. (+$937 million over 10 years)

**Limit subpart F exceptions in cases involving reverse hybrid entities.** This proposal would prevent the application of the so-called same-country exception of Section 954(c)(3) and the CFC look-thru rule of Section 954(c)(6) to payments received by a foreign reverse-hybrid entity owned by a US person when such payments are deductible expenses of a related foreign person. (+1.3 billion over 10 years)

**Expand the scope of the anti-inversion statute.** The proposal would make two significant changes to Section 7874. First, it would reduce the existing 80% test of shareholder continuity to a 50% test, while eliminating the existing 60% test and provisions related to the 60% test. Second, the proposal would add a special rule providing for an acquiring foreign corporation to be treated as a domestic corporation for US tax purposes, regardless of shareholder continuity, if the foreign corporation is primarily managed and controlled in the US and if the worldwide group that includes the foreign corporation has substantial business activities in the US. (+$17 billion over 10 years)

**Determine FTCs on a pooling basis.** The Green Book description of the proposal to determine FTCs on a pooling basis – and thereby average foreign tax rates – is identical to previous proposals. (+$74.7 billion over 10 years)

**Defer deduction of interest expense related to deferred income.** Similar to the Administration’s previous budgets, the provision would defer deductions of interest expense related to deferred income. Headquarters expenses, general and administrative expenses, and R&E expenses would not be affected. (+$43.1 billion over 10 years)

**Tax currently excess returns associated with transfers of intangibles offshore.** The description of this proposal is basically identical to previous proposals. (+$25.9 billion over 10 years)
Disallow deductions for non-taxed reinsurance premiums paid to affiliates. The proposal is substantially identical to last year’s version. Thus, the proposal would: (1) deny an insurance company a deduction for premiums (and other amounts) paid to affiliated foreign companies to the extent that the foreign reinsurer (or its parent company) is not subject to US income tax with respect to the premiums received; and (2) would exclude from the insurance company’s income any return premiums, ceding commissions, reinsurance recovered or other amounts received with respect to reinsurance policies for which a premium deduction is wholly or partially denied. (+$7.5 billion over 10 years)

Prevent use of leveraged distributions from related corporations to avoid dividend treatment. The proposal is intended to prevent a US shareholder from receiving a distribution of the earnings and profits (E&P) of a corporation without US tax. This could be accomplished by having the corporation “fund” a distribution by a related corporation that does not have E&P but for which the US shareholder can treat all or a substantial part of the distribution as a nontaxable return of basis. Under the proposal, if a distribution was funded by a related corporation with a principal purpose of avoiding dividend treatment from distributions to a US shareholder, the basis in the stock of the distributing corporation will not be taken into account in characterizing the distribution. (+$3.5 billion over 10 years)

Tax certain gain from the sale of a partnership on a look-through basis. The proposal would provide a statutory basis for the IRS’s position that gain on disposition of an interest in a partnership engaged in a US trade or business is effectively connected income and therefore subject to US tax (See Revenue Ruling 91-32, 1991-1 C.B. 107). The rule would be enforced by the imposition of a withholding obligation on the transferees of such partnership interests. (+$2.8 billion over 10 years)

Limit shifting of income through intangible property transfers. The Budget re-proposes to prevent “inappropriate shifting of income outside the United States” by clarifying the definition of intangible property for purposes of Sections 367(d) and 482 to include workforce in place, goodwill and going concern value, and to enhance the IRS’s authority to value intangible property. (+$2.7 billion over 10 years)

Extend Section 338(h)(16) to other covered asset acquisitions. This proposal would amend the rule preventing a seller from increasing allowable foreign tax credits (FTCs) by determining the source or character of an item by reference to a Section 338 election to treat a stock purchase as an asset acquisition. The extension of this rule would apply the same prohibition for purposes of applying the FTC rules to the seller in other transactions that are treated as “covered asset acquisitions” under Section 901(m). (+$960 million over 10 years)

Remove foreign taxes from a Section 902 corporation’s foreign tax credit pool when earnings are eliminated. Foreign income taxes paid by a foreign corporation would be reduced if a transaction other than a dividend (such as a redemption) eliminated or otherwise reduced the earnings and profits of the corporation. (+$423 million over 10 years)

Small businesses
For small businesses, the Budget would:

- Permanently extend the 2013 Section 179 expensing limitation of $500,000. The deduction limit would be reduced by the amount of a taxpayer’s qualifying investment in excess of $2 million (-$57 billion over 10 years)
- Eliminate capital gains tax on small business stock (-$9 billion over 10 years)
- Permanently allow up to $20,000 of new business expenditures to be deducted in the tax year in which a trade or business begins (-$4.3 billion over 10 years)
- Extend small employer health tax credit to employers with up to 50 full-time equivalent employees and begin the phase-out at 20 full-time equivalent employees (-$1.3 billion over 10 years)
Regional growth incentives
The New Markets Tax Credit would be reinstated and made permanent, with an allocation amount proposed to be increased from $3.5 billion to $5 billion. (-$8.7 billion over 10 years)
The Budget includes six proposals to modify the Low-Income Housing Tax Credit (LIHTC) program, most of which were also included in last year’s budget.

Mixed income occupancy. This proposal is identical to the proposal in last year’s budget that would permit up to 40% of the units in a Housing Credit property to be occupied by residents whose income averages no more than 60% of AMI. Under this proposal, tenants with incomes up to 80% of AMI would be permitted.

Make the low-income housing tax credit beneficial to REITs. This proposal is identical to the version in last year’s budget and is designed to broaden demand for housing tax credits by encouraging REITS to invest in Housing Credit properties. REITs cannot pass-through tax credits to their shareholders so this proposal would permit a REIT to designate a portion of its dividend payments as tax-exempt, equal in value to the Housing Credits it cannot otherwise utilize. (-$466 million over 10 years)

Allow states to convert private activity bond volume cap to LIHTC authority. States would be permitted to convert up to 8% of their bond volume cap to LIHTC authority based on a formula that is tied to the 30% credit rate. Specifically, the 30% credit rate for the prior December would be doubled and then multiplied by 8% to determine the increased credit allocation that state would receive. This works out to a maximum 22% increase in credit authority for states that would utilize the provision. This is very similar to the proposal in last year’s Budget, except the conversion cap is increased from 7% of the PAB cap to 8%. (-$860 million over 10 years)

Formula for calculating 70% and 30% present value credit. With regard to the formula for calculating 70% and 30% present value credit, instead of extending the flat 9% credit rate that expired at the end of 2013, the Budget proposes to modify the current law formula. It would take the average of the mid-term applicable federal rate and the long-term rate and increase it by 200 basis points for the 70% credit and the 30% credit, but for acquisitions only. (+$64 million over 10 years)

New selection criteria for Federally assisted housing. Another proposal, identical to the proposal in last year’s Budget, would add preservation of federally assisted affordable housing as an eleventh selection criterion that must be included in state Qualified Allocation Plans.

Financial & insurance provisions
The business tax reform reserve fund includes provisions to reform the treatment of financial products and financial institutions, including insurance companies.

Marked-to-market treatment for certain derivatives. A provision included in last year’s Budget and similar to a proposal in Chairman Camp’s tax reform proposal would require gain or loss from a derivative contract whose value is determined by the value of actively traded property to be marked to market and treated as ordinary income or loss. In addition, the proposal would apply to mixed straddles, so that a taxpayer entering into a derivative contract that substantially diminishes the risk of loss on actively traded stock that is not otherwise marked to market would be required to mark the stock to market, with any pre-existing gain recognized at that time. The proposal includes new language providing the Secretary additional authority to issue regulations that match the timing, source and character of income, gain, deduction and loss from a capital asset and a transaction that diminishes risk of loss or opportunity for gain from the asset. Mark-to-market accounting would not apply to business hedging transactions. In addition, the proposal would repeal so-called 60/40 treatment under Section 1256, and make a number of other related changes. The policy would apply only to derivatives contracts entered into after 31 December 2014. (+$19 billion over 10 years)

Sales of life insurance contracts. The proposal is similar to the FY2014 proposal to require persons or entities that purchase interests in an existing life insurance policy with a death
benefit of at least $500,000 to report the purchase price and other taxpayer information to the IRS. The proposal would also require reporting of payments of policy benefits, including an estimate of the buyer’s basis and modify the transfer-for-value rule by eliminating the exception for a buyer that is a partner of the insured, a partnership in which the insured is a partner or a corporation in which the insured is a shareholder or officer. Instead, the rule would not apply when the insured is a 20% owner. (+$495 million over 10 years)

**Modify dividends-received deduction (DRD) for life insurance company separate accounts.** The proposal is similar to the FY2014 budget proposal and would repeal the existing regime under the DRD rules for prorating investment income between the company’s share and policyholder’s share. Under the provision, the DRD with regard to general account dividends would be subject to the same 15% flat proration percentage that applies to non-life companies under current law. (+$6.3 billion over 10 years)

**Expand pro rata interest expense disallowance rule for corporate-owned life insurance (COLI).** The proposal is similar to the FY2014 budget proposal to repeal the exception for contracts covering employees, officers or directors, other than 20% owners of a business that is the owner or beneficiary of the contracts. (+$5.5 billion over 10 years)

**Eliminate fossil fuel preferences**

As in the Obama Administration’s previous budgets, the fiscal 2014 blueprint would eliminate the following tax preferences for oil, gas and coal companies:

1. Enhanced oil recovery credit (no revenue effect)
2. Marginal well tax credit (no revenue effect)
3. Expensing of intangible drilling costs (+$14.35 billion over 10 years)
4. Deduction for tertiary injectants (+$100 million over 10 years)
5. Passive loss exception for working interests in oil and natural gas properties (+$59 million over 10 years)
6. Percentage depletion deduction for oil and natural gas (+$13 billion over 10 years)
7. Section 199 domestic manufacturing deduction for oil and gas production (+$14.2 billion over 10 years)
8. Expensing of coal exploration and development costs (+$679 million over 10 years)
9. Percentage depletion for hard mineral fossil fuels (+$2 billion over 10 years)
10. Capital gains treatment for royalties (+$508 million over 10 years)
11. Domestic manufacturing deduction for coal and other hard mineral fossil fuels (+$726 million over 10 years)

The Budget would also increase the geological and geophysical amortization period for independent producers to seven years (+$3.1 billion over 10 years).

**Modify tax rules for dual-capacity taxpayers.** The proposal would tighten the foreign tax credit rules applicable to taxpayers subject to a foreign levy that receive a specific economic benefit from the levying country. (+$10.4 billion over 10 years)

**Other revenue changes**

**LIFO, LCM.** The business tax reform section of the Budget again calls for repealing the last-in/first-out (LIFO) method of accounting, effective in the first tax year beginning after 31 December 2014, subject to a ratable 10-year income recognition period (+$82.7 billion over 10 years); and repealing the lower-of-cost-or-market inventory accounting method, effective for tax years beginning after 31 December 2014, with any resulting adjustment included in income ratably beginning with the year of change (+$7.5 billion over 10 years). In his tax reform plan, Chairman Camp called for repeal of both accounting methods, but would include LIFO reserves and any positive adjustment from LCM repeal in income over four years, starting in 2019.

**Like-kind exchanges.** The Budget newly proposes to amend current law Section 1031 like-kind exchanges by limiting, in real property transactions, the amount of gain deferred to $1 million per
taxpayer per tax year (+$18.2 billion over 10 years). The provision would be effective for like-kind exchanges completed after 31 December 2014. The Camp tax reform discussion draft proposes to repeal Section 1031 outright for transfers after 2014 (with an exception for contracts entered into on or before 31 December 2014 and completed before 2017).

**Depreciation rules for aircraft.**
The proposal would increase the recovery period for depreciating general aviation passenger aircraft from five years to seven years. (+$3.2 billion over 10 years)

**Certain distilled spirits.** The Budget includes a provision that would repeal the Section 5010 credit for distilled spirits for flavor and wine additives and tax all distilled spirit beverages at the $13.50 per proof-gallon rate. (+$1.1 billion over 10 years)

**Partnership provisions.** The Budget again includes a proposal that would measure a “substantial built-in loss” by whether the transferee would be allocated a net loss in excess of $250,000 upon a hypothetical disposition by the partnership of all of the partnership's assets, immediately after the transfer of the partnership interest, in a full taxable transaction for cash equal to the fair market value of the assets. The proposal would apply to sales or exchanges after the date of enactment. (+$76 million over 10 years)

Another proposal would allow as a deduction a partner's distributive share of expenditures (not deductible in computing the partnership's taxable income and not properly chargeable to capital account), only to the extent of the partner's adjusted basis in its partnership interest at the end of the partnership year in which such expenditure occurred. The proposal would apply to a partnership's tax year beginning on or after the date of enactment. (+$1 billion over 10 years)

**Limit the importation of losses.**
Under the Budget, the principles of Section 267(d) would not apply to the extent gain or loss with respect to the property is not subject to Federal income tax in the hands of the transferor immediately before the transfer, but any gain or loss with respect to the property is subject to Federal income tax in the hands of the transferee immediately after the transfer. (+$913 million over 10 years)

Other proposals in the reform section include: denying the deduction for punitive damages, effective for damages paid or incurred after 2013 (+$338 million over 10 years); repealing the gain limitation for dividends received in reorganization exchanges, effective for tax years beginning after 2014 (+$3 billion over 10 years); conforming the control test under Section 368 with the affiliation test under Section 1504 (+$564 million over 10 years); and amending the application of the general earnings and profits adjustment rules to distributions of stock of another corporation (+$391 million over 10 years).

**Financial provisions**
The Budget includes additional proposals outside of tax reform affecting financial services as follows:

**Bank tax proposal.** The Administration again proposed a “Financial Crisis Responsibility Fee” imposed on bank holding companies, thrifts, certain broker-dealers and companies that control insured depositories, if they hold assets of more than $50 billion. This fee, which has been proposed in previous Obama Administration budgets, would be effective in January 2016 and raise $56 billion over 10 years. Chairman Camp, in his tax reform proposal, proposed a similar fee, but with a different rate of 0.035% per quarter, imposed on a different base – assets rather than liabilities – and on a smaller number of large financial institutions, known as systemically important financial institutions (SIFIs) with consolidated total assets of more than $500 billion.

The FY2015 budget also contains two additional financial industry proposals that were in prior budgets and a new proposal for certain insurance companies.

**Accrued market discount.** The first would require taxpayers to take accrued market discount into income currently, in the same manner as original issue discount (OID), limited to the greater of the bond's yield to maturity at issuance, plus five percentage points or the applicable federal rate, plus 10 percentage points. The provision
would apply to debt securities acquired after 31 December 2014 and would raise $350 million over 10 years.

**Cost basis of portfolio stock.** The second provision would require the use of average basis for all identical shares of portfolio stock held by a taxpayer with a long-term holding period, applicable to portfolio stock acquired on or after 1 January 2015. This provision would raise $3.5 billion over 10 years. While this same proposal appeared in Chairman Camp's 2013 financial products discussion draft, his tax reform proposal would require use of the first-in, first-out method for determining cost basis, rather than average cost basis.

**Repeal special estimated tax payments of insurance companies.**
A new provision in the FY2015 budget to simplify the rules for insurance companies would repeal the election to take an additional deduction equal to the difference between their discounted reserves and the amount computed on an undiscounted basis. The corresponding special estimated tax payments attributable to the additional deduction would also be repealed. The proposal would be effective for tax years beginning after 31 December 2014 and would have a negligible revenue effect.

**Carried interest**
**Taxing carried interests as ordinary income.** The Administration included the same proposal as last year to tax as ordinary income the partner’s share of income on an “investment services partnership interest” (ISPI). According to the Green Book, a partnership is an investment partnership if substantially all of its assets are investment-type assets (certain securities, real estate, interests in partnerships, commodities, cash or cash equivalents, or derivative contracts with respect to those assets), but only if over half of the partnership’s contributed capital is from partners in whose hands the interests constitute property not held in connection with a trade or business. The FY2014 Green Book referenced “in whose hands the interests constitute property held for the production of income.” (+$13.8 billion over 10 years)

**Real estate**
**Foreign pension investment in REITs.** A proposal repeated from last year’s budget would exempt certain foreign pension funds from the application of the Foreign Investment in Real Property Tax Act (FIRPTA). Under current law, gains of foreign investors from the disposition of US real property interests are generally subject to US tax under FIRPTA. Gains of US pension funds from the disposition of US real property interests are generally exempt from US tax. The Administration proposes to exempt from US tax under FIRPTA certain gains of foreign pension funds from the disposition of US real property interests. The proposal would be effective for dispositions of US real property interests occurring after 31 December 2014. (-$2.3 billion over 10 years)

**Preferential dividend rule for publicly traded REITs.** REITs may deduct dividends paid to their shareholders. To qualify for the deduction, a dividend must not be a “preferential dividend” favoring some shareholders over other shareholders in the same class or favoring one class as compared to another, except to the extent the class is entitled to a preference. The Budget would repeal the preferential dividend rule for publicly traded and publicly offered REITs for distributions made in tax years beginning after the date of enactment. In addition, Treasury would be given explicit authority to provide for cures of inadvertent violations of the preferential dividend rule for distributions occurring before enactment. (negligible revenue effect)

**Tax gap and tax compliance proposals**
The Budget includes a number of proposals to expand information reporting, improve compliance by businesses, strengthen tax administration and simplify the tax system. The notable proposals include:

1. Require a certified taxpayer identification number (TIN) from contractors receiving payments of $600 or more (on Form W-9), with a failure to provide resulting in a required withholding (+$1.3 billion over 10 years)
2. Impose liability on shareholders to collect unpaid income taxes of certain applicable corporations. The proposal would impose secondary liability on shareholders selling stock in any C corporation (or successor), two thirds or more of whose assets consist of cash, passive investment assets or assets that are the subject of a sale (or whose sale has been substantially negotiated) on the date that a controlling interest in its stock is sold (+$5.2 billion over 10 years)

3. Implement a program integrity statutory cap adjustment that would increase the discretionary spending limits for IRS tax enforcement, compliance and related activities by about $480 million more in FY 2015 and approximately $17 billion more over the budget window (+$52 billion over 10 years)

4. Rationalize tax return filing dates so they are staggered by conforming partnership filing deadlines to those imposed on S corporations, so all calendar-year Forms 1065 and 1120-S and Schedule K-1 returns would be due 15 March. In addition, returns of calendar-year corporations other than S corporations would be due 15 April (instead of 15 March. The proposal would also accelerate the due date of certain information returns (+$2.5 billion over 10 years)

5. Repeal the anti-churning rules of Section 197 (-$2.5 billion over 10 years)

6. Repeal the telephone excise tax (-$2.1 billion over 10 years)

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Endnote

1. For additional information, see EY Global Tax Alert, *Highlights of Chairman Camp's tax reform discussion draft*, issued 27 February 2014.

For additional information with respect to this Alert, please contact the following:

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