

# Click Lancashire

## Independent News

### **Don't like the proposed border tax? House GOP is changing it**

Olive Rios

April 9, 2017

House Ways and Means Committee Chair Kevin Brady said the meeting with his panel's 16 Democratic members will focus on ways to simplify the US tax code for individuals and stop USA companies from moving production and research facilities overseas - both key House Republican tax reform objectives.

Most tax experts agree that America's current tax system rewards companies for moving headquarters and jobs overseas.

Those who oppose the border-adjusted tax say it would lead to higher prices on a range of consumer goods - though supporters say a strengthening dollar would ultimately even such effects out. Three: The liberals in his administration have wrested control from the populists and are now steering the economic ship, less than 90 days into Trump's presidency.

"If the Trump Administration were to endorse this idea, they would not only be breaking a campaign commitment, but would essentially be negotiating against themselves on regulations", said Tom Pyle, president of the American Energy Alliance and former member of Trump's transition team.

White House officials are split on whether to endorse the creation of this specific tax.

On tax reform, Trump said he wanted to wait and see what happens on healthcare legislation, which has stalled in the House of Representatives, before setting out details on taxes.

Rep. Kevin Brady of Texas, chairman of the Ways and Means Committee, has been pitching border adjustment to business and advocacy groups since Election Day.

"A VAT and a carbon tax could be part of a pro-growth reform that doesn't significantly impact the budget deficit". But substantially everyone in Washington claims to be in favor of a simpler tax code that imposes lower rates on a broader tax base. "If Barack Obama or Bill Clinton did not release their tax returns, there would've been a storm on the side demanding those tax returns". He said that he wanted to make the process faster, but declined to provide a

timeline. "I think on the border-adjustment tax issue, they're just waiting to see which way he wants to go and how compelling of a case he wants to make on that". They have formed a coalition - called Americans for Affordable Products - and launched an all-out campaign to kill the proposal.

Much of the concern on Wall Street is that any delay in the implementation of a lower corporate tax rate, a repatriation of the \$2.5 trillion in cash US companies now have stashed overseas and a big infrastructure spending package would slow any impact the moves could have on a USA economy.

That fierce opposition is also simmering in the Senate, where skeptical Republicans are quietly urging the Trump administration and House Republicans to back off the BAT.

With health care reform on the backburner, Republicans and the White House are turning their attention to tax reform.

"Let's get on with it", Sen.

"We kept the key elements most families count on", Brady said. "If investors had been piling in to tax reform beneficiaries, you'd expect the high tax rate companies to have performed best, but just the opposite has happened - low tax rate companies have not only outperformed, but those companies have performed better than any other quintile".

Wall Street has also mostly stayed quiet on border adjustments because it's not clear how businesses such as trading and lending would be treated under the House GOP plan. That change could cost the plan votes from senators in states that benefit from those deductions. The provision allowed Californians to reduce their taxable income by that amount in 2014, according to an analysis by the nonpartisan Tax Foundation.

Chris Edwards of the Cato Institute, a libertarian policy institute funded by the Koch Brothers, said the border adjustment tax is exclusively a political instrument to pass the bill in the Senate and has nothing to do with promoting American industry. "Your choice of where to live and work will be your choice".