

## **US tax reform - Trump administration announces tax reform principles**

On April 26, 2017, US Treasury Secretary Mnuchin and US National Economic Council Director Cohn announced the “core principles” of President Trump’s plan for US tax reform. They said the Trump Administration is working with the House and the Senate on details and on turning the plan into legislation, with the goal of moving as quickly as possible.

The goals for US tax reform are described as follows by the Trump Administration:

- Grow the economy and create millions of jobs
- Simplify the 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

In terms of business tax reform, the Trump Administration established the following core principles:

- 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

The plan notes that, 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 can pass both House and Senate.

### **Meijburg & Co comment**

The Trump Administration’s principles for tax reform can be seen as the first step in a process towards potential US tax reform. The plan that was made public is limited to a one-page document discussing both individual tax reform and business tax reform and provides very little detail. It does not include references to either the interest expense disallowance or the contentious “border adjustable” proposal that are key elements of the Blueprint for tax reform that was published by House Republicans in 2016.

It is not clear when more detailed plans are expected and whether the Trump Administration will be able to get sufficient support for the plans, which in their current form may significantly increase the US deficit and may not comply with congressional budget rules for making permanent law changes.

We will of course keep you informed of significant developments. We also encourage you to regularly check the KPMG US Tax Reform [website](#), which provides regular insights on the outlook for US tax reform. For further details, we also refer to a [comparison](#) of Trump’s plan with the House Blueprint published in 2016 and a prior proposal (Camp bill) published in 2014.

Meijburg & Co  
May 2017

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