

Tax Cuts and Jobs Act

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Tax Cuts and Jobs Act

Directive from President Trump: corporate tax rate no higher than 20 percent and middle-class tax cut

Process involved four parties each in their own corner:

House Ways and Means Committee

Senate Finance Committee

Treasury Department

The White House/National Economic Council

Budget reconciliation and economic growth

Tax Cuts and Jobs Act

Centerpiece: reduce the corporate tax rate

Cost: \$1.348 trillion (and corporate AMT -- \$40.3 billion)

Second and of nearly equal priority: international tax reform

GILTI, FDII and BEAT

Big pay-for: deemed repatriation provision (\$338.8 billion)

Lower priority: individual tax provisions

Significant difference from TRA '86

Another major provision: 199A deduction (generates extreme reaction)

Some other provisions that businesses are very focused on:

Restoration of 100 percent expensing (168(k)) of tangible depreciable personal property

Restoration of 100 percent expensing of research and development

Restoration of business interest deduction limitation based on EBITDA rather than EBIT