



## S Corporation Association Update September 13, 2018

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#### **1. Treasury Proposes Key Regulations**

Brian Reardon, [BReardon@S-Corp.org](mailto:BReardon@S-Corp.org)

Treasury was busy over the August break, publishing documents on three items of importance to the S corporation community:

- **199A:** Treasury's proposed [rules](#) on how to calculate the new, 20-percent, pass-through deduction are an honest attempt to make the deduction workable for eligible businesses. S-Corp's comments will focus on refining those rules and addressing certain specific cases that could fall through the cracks. If you have issues we should raise, let us know. Comment period closes October 1<sup>st</sup>.
- **965:** Treasury released proposed [rules](#) fleshing out the rules on deferring the new deemed repatriation tax. At issue are those events that disqualify S corporations from deferring the tax. Our comments will focus there and on the challenge of overpayments being applied to this deferred tax liability. That's not what Congress intended.
- **SALT Deductions:** Treasury issued [rules](#) shooting down the charitable SALT workaround some states are pursuing, then issued guidance [clarifying](#) the new rules don't apply to some business contributions. All very confusing. What's clear is these items have nothing to do with S-Corps [efforts](#) to restore the pass-through SALT deduction at the state level. More on that to come.

S-Corp will be submitting comments on the 199A and 965 rules soon.

#### **2. Ways and Means Committee's 2.0 Effort**

Looks like Hurricane Florence is headed south of DC, so the Ways and Means Committee markup on Tax Reform 2.0 is taking place this morning as planned. The Committee released three bills that comprise the effort on Tuesday -- you can review them here:

- Protecting Family and Small Business Tax Cuts Act of 2018 ([H.R. 6760](#))
- Family Savings Act of 2018 ([H.R. 6757](#))
- American Innovation Act of 2018 ([H.R. 6756](#))

For pass-through businesses, the key provisions are in the first bill – that legislation would make permanent the 199A deduction, which is good news. Our Parity for Main Street Employers coalition sent up a [letter](#) this morning in support of this critical provision.

Beyond today's markup, the outlook for 2.0 is a little fuzzy. There's an outside chance the House could bring it up the last week of October, while the Senate has made clear it will not consider this package prior to the elections. Post-election, there may be a chance to do some tax policy, but it's certain to be more limited (technical corrections and some retirement provisions?) and wholly dependent upon the election results.

### 3. S-Corp September Membership Call

Christine Walizer, [cwalizer@s-corp.org](mailto:cwalizer@s-corp.org)

Our next WebEx will be **Tuesday, September 25 at 4:00 p.m. (ET)**. We will focus on the tax policy challenges confronting S corps, including the proposed 199A and 965 regulations, efforts at the state level to fix the SALT deduction issue, and a general review of the policy and political landscape in Congress. Suffice to say, there's lots to cover. There will be time for questions and comments toward the end of the call, and a presentation will be available to members. We look forward to speaking with you.

- **WebEx:** Please [REGISTER HERE](#) for the Membership meeting by entering your name, email and company. Once your registration is approved, a confirmation email will be sent to you with the call information. A reminder email will be sent 15 minutes prior to the call for you to click on the "join the meeting" link.
- **Conference Line:** If you prefer to listen to the audio by phone, the dial in number is **1-510-338-9438** and the access code is **621-370-525**.

### 4. S-Corp in the News

[What groups were looped in on tax reform](#), *Politico*

Aug. 17, 2018:

*A new set of Treasury emails obtained by American Oversight lists the business groups and companies that staff working for the White House, Treasury Department and on*

*the Hill contacted as they were gearing up for tax reform. Among the business groups and companies that were slated to attend a July 27, 2017 meeting: the American Bankers Association, the Financial Services Roundtable, the Securities Industry and Financial Markets Association, the American Farm Bureau Federation, the National Federation of Independent Business, **the S-Corporation Association**, the National Association of Wholesaler-Distributors, the Associated General Contractors of America, the Associated Builders and Contractors, the Real Estate Roundtable, the National Multifamily Housing Council, the National Association of Real Estate Investment Trusts, AT&T, Altria, Verizon, the U.S. Chamber of Commerce, the National Association of Manufacturers, the Business Roundtable, the American Petroleum Institute, PhRma and the Information Technology Industry Council.*

## 5. PMSE Briefing Video Clips

Chris Smith, [CSmith@MainStreetEmployers.org](mailto:CSmith@MainStreetEmployers.org), [@MainStEmployers](https://twitter.com/MainStEmployers)

For shorter videos on the Main Street Businesses Briefing on TCJA held on July 31, 2018, please visit our PMSE [website](#), or click on the individual links below:

- [Chris Smith Opening Remarks](#)
- [Ron Johnson Presents](#)
- [Bob Carroll Presents](#)
- [Brian Reardon Comments](#)
- [Doug Holtz-Eakin Comments](#)
- [Richard Rubin and Brian Reardon on Closely Held vs. Public](#)
- [Richard Rubin and Brian Reardon on Aggregation](#)

## 6. Social Media Update

Chris Smith, [CSmith@MainStreetEmployers.org](mailto:CSmith@MainStreetEmployers.org), [@MainStEmployers](https://twitter.com/MainStEmployers)



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