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1. Tax Foundation Panel Brian Reardon, <u>BReardon@S-Corp.org</u>

S-Corp participated in a panel hosted by the Tax Foundation on Friday, February 22. The panel took place in the Senate Finance Committee room and focused on 199A and the recent rules finalized by Treasury.

As you know, those rules are complicated and uneven, but also necessary if pass-through businesses are to maintain some sort of parity with their C corporation competitors. Our <u>EY study</u> from last summer does a nice job of making the case.



Nicole Kaeding, Tax Foundation Director of Federal Projects, moderated the panel with Tony Nitti, Partner, RubinBrown; Andy Phillips, Director, Tax Institute at H&R Block; Kyle Pomerleau, Director of Quantitative Analysis, Tax Foundation; and Brian Reardon, President, S Corp Association

You can watch the entire video **here**.

2. S-Corp Comments on 163(j)
Brian Reardon, BReardon@S-Corp.org

Last week the S Corporation Association submitted its formal comments to the IRS on the pending Section 163(j) rules. The revised Section 163(j) would impose the new, 30-percent cap on interest deductions as part of the Tax Cuts and Jobs Act (TCJA), but for manufacturers, they included an unwelcome surprise!

Read the comment letter and learn about the surprise here and the related Washington Wire here.

3. S-Corp In the News

Brian Reardon, <u>BReardon@S-Corp.org</u>

Michigan Proposes Tax Deduction Cap Workaround with Tax Increase BNA, Bloomberg March 5, 2019

This isn't the parity pass-through entities were hoping for when they proposed a workaround bill last year, Brian Reardon, S-Corporation Association of America president, told Bloomberg Tax Mar. 5. That bill would have saved pass-through entities about \$190 million annually in reduced federal income taxes.

Former Gov. Rick Snyder (R) vetoed that workaround bill out of concerns the state was moving too quickly and the Internal Revenue Service might short-circuit the workaround.

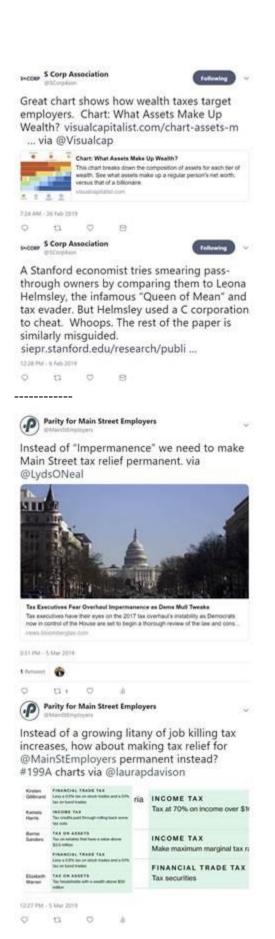
"This is a workaround for the treasurer of Michigan, not the employers of Michigan," Reardon said. "It looks like what she's proposing is, at no cost to the state of Michigan, we're going to take this benefit that goes to employers and put it in the treasury instead."

Reardon said he would work with the governor's office and the GOP-controlled Legislature to seek a version of the workaround.

4. Social Media Update

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