

Q&A

Business executives are excited about the prospect of tax reform, according to some of Orange County's top accountants.

The Business Journal's financial editor, Peter J. Brennan, asked the professionals to tell us what their clients are saying about tax proposals and the advice they're giving clients.

They discussed the various possibilities, which include:

- *Corporate tax rate cut to 15% or 20%*
- *Individual tax rate topping out at 33%*
- *A 15% or 20% tax rate on companies that pay through S corporations or partnerships, down from a top rate of 39.6%*
- *Elimination of alternative minimum tax*
 - *Elimination of death tax*
 - *Changes in carried interest*

- *Cut in capital gains and dividends from 23.8% to 20%*
- *Reduced corporate tax of 10% on repatriated profits*
- *Immediate business expensing rather than depreciation*

Here are edited excerpts of the accountants' responses:

Jim Curtis

International Tax Senior Manager
Hall & Co.
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It appears lately that foreign companies are eager to do more business and increase their investments within the United States, but our high corporate tax rate makes them hesitant to take any action at this point. This wait-and-see attitude has resulted in companies maintaining the status quo until they become more certain of upcoming tax changes or reform next year.



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Foreign companies, ranging the gamut from manufacturers to wholesale distribution and retail industries, remain concerned about their U.S. federal and state tax liability and ever-growing compliance burden.

The proposed reduction of the U.S. federal corporate tax rate from 35% to 15% might seem too good to be true for most foreign companies at this point. However, even a more modest reduction of the corporate tax rate to 25% or 27% would result in significant inbound investment opportunities from foreign companies looking to grow or expand their U.S. businesses.

While there is a general consensus that corporate tax reform is on the horizon, things are too uncertain at this point to plan ahead based on the current proposals.

Therefore, we are advising clients to plan for a variety of scenarios and to stay abreast of further changes that will occur in Washington over the rest of 2017 and into 2018.