



TaxNewsFlash

United States

No. 2017-112
March 9, 2017

Legislative update: Ways and Means reports health-care bill, with tax provisions

The U.S. House Committee on Ways and Means in the early morning hours today reported, voting along party lines, health-care legislation that includes numerous tax provisions.

- Repeal the net investment income tax
- Repeal the additional health insurance (HI) tax of 0.9% on earned income in excess of certain thresholds
- Repeal the medical device excise tax
- Repeal certain health-related tax provisions
- Repeal the “tanning tax”

The tax provisions will now be transmitted to the House Budget Committee. It is expected that the five approved tax provisions from Ways and Means will be combined, by the Budget Committee, with related health-care proposals currently under consideration by the House Energy and Commerce Committee to create a reconciliation bill. It has not been determined when this reconciliation bill would be considered by the full House or Senate.

Read more information on the tax provisions in the Ways and Means legislation, as well as Joint Committee on Taxation (JCT) revenue estimates, on the Ways and Means Committee [website](#).

KPMG observation

The bill would not repeal all of the tax items originally enacted as part of the Affordable Care Act. For example, it does not include the repeal of the codification of the economic substance doctrine (section 7701(o)).

Background

The House on January 13, 2017, passed a budget resolution instructing the Ways and Means and the House Energy and Commerce committees to draft legislation achieving a certain amount of deficit reduction over 10 years. The instructions were drafted to accommodate legislation to repeal and to replace health-care legislation enacted during the Obama Administration.

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