



# TaxNewsFlash

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## Trump Administration budget proposals for FY 2020

The Trump Administration today released its fiscal year (FY) 2020 budget proposal, entitled “A Budget for a Better America.” The budget contains the administration’s recommendations to Congress for spending and taxation for the fiscal year that begins on October 1, 2019.

Read the [FY 2020 budget proposals](#) [PDF 1.49 MB] as available on the White House website. [Note that a hyperlink within the FY 2020 budget to “Analytical Perspectives” currently links to the analysis for the FY 2019 budget. It is possible that additional information on the administration’s proposals might be released in the future.]

Very generally, the budget proposes to increase military spending, while cutting spending for domestic programs, including Medicare and Medicaid. It also proposes \$8.6 billion for building sections of a wall on the U.S.-Mexico border.

As in the case of most presidential budgets, the current proposal can be viewed as opening negotiations with Congress.

### **Tax-related proposals**

The administration proposes \$11.5 billion in base funding for the IRS. It also proposes legislation “enabling additional funding for new and continuing investments to expand and strengthen tax enforcement,” estimated to generate additional gross revenue of approximately \$47 billion over 10 years.

The budget also references (without much detail) several other revenue-related proposals, including:

- Reauthorizing the Oil Spill Liability Trust Fund excise tax
- Modifying certain Health Savings Account rules
- Providing tax exemptions for certain scholarship and loan repayment programs and instituting a new tax credit for donations to certain scholarship programs
- Introducing a new minimum required contribution for premium tax credits
- Repealing the qualified plug-in electric drive motor vehicle credit, the exclusion of utility conservation subsidies, accelerated depreciation for renewable energy property, the energy investment credit, and the credit for residential energy efficient property

- Reforming inland waterways financing
- Making certain changes to retirement and pension rules
- Improving clarity in worker classification and information reporting requirements
- Improving oversight of tax preparers
- Providing more flexible authority for the IRS to address correctable errors
- Expanding mandatory electronic filing of the Form W-2
- Transferring certain alcohol and tobacco regulatory and enforcement activities to Treasury's Alcohol and Tobacco Tax and Trade Bureau

### **KPMG observation**

In some recent fiscal years, the Treasury Department has released an explanation of the tax proposals in the budget (known as the "Green Book") the same day an administration transmitted its budget to Congress. The Treasury Department has not released a Green Book with respect to the Trump Administration's FY 2020 budget proposals. Last year, the Trump Administration did not release a Green Book.

It is typical for presidential budget proposals to be accompanied by Analytical Perspectives for the fiscal year addressed by those budget proposals. Thus, Analytical Perspectives for the FY 2020 fiscal year (while not yet available) might be forthcoming. Although it is not certain, that analysis might contain additional recommendations for legislation, which potentially could address other revenue issues, such as the expiration of various provisions of the U.S. tax law enacted in December 2017 and often referred to as the "Tax Cuts and Jobs Act" (TCJA).

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