

# GMS Flash Alert



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## United States – Legislation Introduced to Repeal Affordable Care Act

On March 6, 2017, legislation<sup>1</sup> was introduced in the U.S. Congress to repeal and replace the 2010 Patient Protection and Affordable Care Act (“ACA”). The ACA introduced new health-care coverage rules and requirements in the United States, including the requirement that employers offer certain health-care coverage and individuals obtain health coverage or pay a penalty (referred to as the employer mandate and the individual mandate, respectively).<sup>2</sup>

The proposed legislation contains a number of recommendations with respect to health-care coverage. In part, the proposed legislation would repeal certain health-related tax policy provisions including:

- the employer and individual mandate penalties;
- the additional 0.9-percent Medicare tax on earned income in excess of \$200,000 (\$250,000 for joint filers);
- the 3.8-percent tax on net investment income; and
- the increase in the income threshold for the medical expense deduction (restoring the adjusted gross income percentage threshold from 10 percent to 7.5 percent for all taxpayers).

**[UPDATE: March 24, 2017 – The legislation was withdrawn due to insufficient support.]**

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### WHY THIS MATTERS

The ACA requirement that an employer offer health-care coverage and an individual’s obligation to obtain health insurance may apply to foreign nationals working in the United States and to certain U.S. persons working overseas. Thus, for employers with international assignees, the repeal of the employer and individual mandate penalties could provide significant cost and administrative relief. Moreover, the repeal of the additional 0.9-percent Medicare tax and the 3.8-percent tax on net investment income may result in cost savings.

## KPMG NOTE

### Early Days

At this stage, there is still much uncertainty about the impact of the proposed legislation (and any regulations to be issued subsequent to the legislation being enacted). The non-partisan Congressional Budget Office is expected to score the proposed legislation and issue a report over the coming days, which will help provide some insight into the proposed legislation's impact.

The proposed legislation will be the subject of vigorous debate in the upcoming months, thus the contours of any final legislation cannot be determined.

KPMG LLP will endeavor to monitor and report future developments with regard to the ACA repeal and replace initiative.

### Other KPMG Publications

For further information, please see "[Legislative update: JCT reports on repealing, replacing Affordable Care Act](#)" (March 7, 2017) and "[Legislative update: Text of bill to "repeal and replace Obamacare"](#)" (March 6, 2017), both in [TaxNewsFlash-Legislative Updates](#), a publication of the KPMG International member firm in the United States.

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## FOOTNOTES:

1 "Budget Reconciliation Legislative Recommendations Relating to Repeal and Replace of the Patient Protection and Affordable Care Act" (or "The American Health Care Act").

See the March 6, 2017 press release from the Committee on Ways and Means "[Ways and Means Republicans Release Legislation to Repeal and Replace Obamacare.](#)"

See the March 6, 2017 press release from House Speaker Paul Ryan, "[Statement on Introduction of the American Health Care Act.](#)"

2 For prior coverage of the ACA, see the following issues of the GMS practice newsletter *Flash International Executive Alert*: "United States – Supreme Court Issues Decision on Health Care Reform Legislation" (2012-123, June 28, 2012) and "U.S. Health Care Legislation Contains Provisions Impacting Assignees" (2010-077, April 1, 2010). *Flash International Executive Alert* is now *GMS Flash Alert*, a publication of the KPMG International member firm in the United States. To obtain a copy of these articles, please contact your local KPMG GMS or People Services professional.

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