

# **Retirement, Savings, and Other Tax Relief Act of 2018 Taxpayer First Act of 2018**

## **Key Provisions**

### Disaster-related tax relief

- The bill provides tax relief for businesses and individuals affected by Hurricanes Florence and Michael, Typhoons Mangkhut and Yutu, Tropical Storm Gita, the California fires, the Kilauea volcanic eruptions and earthquakes, and severe storms in Alabama, Hawaii, Indiana, North Carolina, Wisconsin, and Texas.
- These benefits are special rules allowing access to retirement funds, a special credit for employee retention during business interruption, suspension of limits on deductions for charitable contributions, special rules for deductions for personal casualty disaster losses, and special rules for measurement of earned income for purposes of qualification for tax credits.
- The bill also provides for the automatic extension of IRS filing dates for individuals and businesses in a federally declared disaster area.

### Retirement and other family savings

- The bill helps businesses provide retirement plans to their workers, helps families to start saving earlier and more throughout their lives, and expands the coverage of section 529 education savings plans.
- The bill includes core provisions from the Family Savings Act, which passed the House in September as part of Tax Reform 2.0.

### Health tax

- The bill extends the current moratorium on the Affordable Care Act's (ACA) medical device tax for an additional five years.
- The bill delays the implementation of the ACA's 40 percent excise tax on high-cost employer health plans until 2023.
- The bill extends the current suspension of the ACA's health insurer tax to calendar years 2020 and 2021.
- The bill repeals the ACA's 10 percent excise tax on indoor tanning services.

### Tax extender permanent provisions

- The bill includes permanent solutions with respect to two tax extenders: the railroad track maintenance credit is modified and made permanent and the biodiesel and renewable diesel credit is extended and phased out.

### Other tax provisions

- The bill includes key technical corrections to the Tax Cuts and Jobs Act, providing clarifications with respect to qualified improvement property (QIP), net operating losses (NOLs), deductibility of plaintiff's attorneys' fees, application of the 20-percent deduction to REIT dividends, interaction of overpayments and future installments of deemed repatriation tax, and application of attribution rules under the Subpart F provisions.

- The bill clarifies the treatment of veterans groups for purposes of the low income housing tax credit and exempt facility bond rules.
- The bill makes clear that the rules related to floor plan financing interest are applicable to towed recreational vehicles.
- The bill resolves the concerns of churches and local community organizations about potential administrative burdens by eliminating the new provision that would have required reporting of unrelated business taxable income based on the cost of specified transportation benefits provided to employees of tax-exempt entities.
- The bill modifies the rules limiting the ownership by a private foundation in stock of a taxable business to provide additional flexibility in situations involving purchases of employee-owned stock.
- The bill makes clear that a section 501(c)(3) organization will not lose its tax-exempt status solely because of statements made in the ordinary course of the organization's customary activities in carrying out its tax-exempt purpose.
- The bill allows tax-exempt charitable and educational organizations to make collegiate housing and infrastructure grants to specified tax-exempt social clubs, such as fraternities and sororities, in order to fund college and university housing.

#### Bipartisan package to redesign the Internal Revenue Service (IRS)

- Takes bold steps to redesign the IRS with one singular mission: taxpayer service. It also seeks to modernize the IRS and improve the ease and efficiency of the taxpayer experience when filing taxes, retrieving information, resolving issues, and making payments.
- Creates an independent appeals process to ensure taxpayers are treated fairly; overhauls IRS enforcement tools to address past abuse; increases information technology oversight; strengthens the IRS's ability to combat identity theft; and enhances cybersecurity.
- Passed the House nearly unanimously. On April 18, 2018, H.R. 5444 passed 414 Yeas to 0 Nays and H.R. 5445 passed 414 Yeas to 3 Nays.