



QUESTIONS ABOUT A DESTINATION-BASED CASH FLOW TAX FOR THE UNITED STATES

-- PANEL INTRODUCTION --

**Before a Global Business Dialogue
Colloquium on Border Tax Adjustment**

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-- SPEAKING NOTES --

Good morning and welcome. What an honor it is to be moderating a panel like this one. Once again Judge Morris has assembled a great group on a great topic at the right moment.

The number of trade geeks now masquerading as tax geeks in this city has reached epidemic proportions. We trade folk are surging across the line that traditionally has separated the two practice areas. If the tax bar could file a safeguard petition, I suspect that's what would happen.

There are good reasons for it. And I don't think we're going to kill each other. The question is, what kind of policy will our collaboration produce? The stakes are kind of high, and the world is watching.

Moving off net income as the basis for taxing business feels momentous ... maybe not quite like moving off the gold standard, but I suspect it has created at least as much email traffic.

Border adjustment, depending whom you ask, is:

- an abomination;
- or, a regrettable necessity -- a tax base broadener that pays for rate reductions;
- or, something affirmatively desirable in its own right.

It is either a flagrant violation of trade obligations, or else it is the correct and legitimate way to do what we earlier tried too clumsily to do for our exporters with DISC and FSC and ETI.

Our panelists this morning can go a long way toward helping to sort this out.

As a peek behind the curtain, here are a couple of things I have told them I hope they will cover.

- Regarding terminology, it would be useful to know whether the House Republican Blueprint proposes a "border adjustment tax" or the border adjustment OF a tax. Likewise, I hope we can all leave the Press Club

today understanding how “destination-based” and “territorial” approaches to corporate taxation relate to each other, and to what the Blueprint proposes.

- I have also asked them to help us make sense of the policy arguments now ricocheting around in DC and in the media. Which of those policy arguments are specific to DBCFT, and which would equally apply to any destination-based scheme including a VAT? And how are we to sort out the competing claims about the relative burden, borne by U.S. and foreign firms, of non-border-adjustable taxes today?

I would not throw such challenges at just anyone. These folks have special expertise.

Peter Merrill has been with PricewaterhouseCoopers since 1989 and is now a principal and a senior advisor in PwC’s Washington National Tax Services practice. He leads a team that provides revenue and budget estimates, financial and economic impact analyses, health policy economic analysis, and quantitative and statistical services to PwC clients. He has advised many foreign governments on the reform and enactment of taxes, including value-added taxes. Peter is also an alum of the Joint Committee on Taxation, where he served as Chief Economist.

Ken Kies is Managing Director of the Federal Policy Group, which provides strategic and technical advice on tax policy matters before the Congress, the U.S. Treasury Department, the Internal Revenue Service, and the OECD. He has led coalition efforts on some of the more cosmic international tax issues of the last 20 years, and has served prior stints at PricewaterhouseCoopers and BakerHostetler as well as at the Joint Committee on Taxation where he was Chief of Staff and the House Committee on Ways and Means where he led the Republican tax staff.

Amy Porges has been operating her own trade law practice since 2009. She is a refugee from BigLaw, having toiled at Sidley Austin and Powell Goldstein for altogether roughly a decade. Her experience in public service is even more extensive. It includes a lengthy tenure at USTR where her last known job title was Senior Counsel for Dispute Settlement. It also includes a stint with the GATT Secretariat where she famously took the lead on preparing the GATT Analytical Index.