

# WNTS Insight

A Washington National Tax Services (WNTS)  
Publication

January 25, 2012

## President Obama outlines tax policy agenda in State of the Union address

President Obama in his State of the Union address to Congress last night called for an end to "tax breaks for companies that move jobs overseas" and reforms to a tax code under which "companies that choose to stay in America get hit with one of the highest tax rates in the world." President Obama also called for increased deductions for manufacturing in the United States, and stated that the tax deduction should be doubled for high-tech manufacturers making products in this country.

White House officials released an eight-page "Blueprint for an America Built to Last," which calls for "comprehensive tax reform that will close loopholes, lower rates, and eliminate incentives that make it more attractive to ship jobs overseas." The blueprint states that President Obama is proposing to "eliminate tax incentives to ship jobs offshore by ensuring that all American companies pay a minimum tax on their overseas profits, preventing other countries from attracting American business through unusually low tax rates."

President Obama stated that Congress should eliminate the "tax deduction companies receive for shutting down factories and moving production overseas," and should create a new tax credit to cover moving expenses for companies that close production overseas and "bring jobs back to the United States."

In addition, President Obama called for action on clean energy tax credits as part of efforts to create jobs in clean energy industries. He also proposed to use part of the Administration's proposed bank fee to offset the cost of a home mortgage refinancing program for homeowners.

As part of proposals to make the tax code "fairer and simpler," President Obama called for new tax legislation that would impose a "Buffett rule" to provide that individuals making over \$1 million would pay a minimum effective tax rate of at least 30 percent, while including provisions that would not disadvantage individuals making large charitable contributions. The White House blueprint states that



President Obama is proposing that individuals making over \$1 million per year should not get "any tax subsidies for housing, health care, retirement, and child care."

President Obama also stated again that tax rates should not be increased for individuals with incomes below \$250,000. He called on Congress to act quickly to extend the current temporary two-percent employee payroll tax reduction, which is scheduled to expire February 29, through the end of 2012.

**Note:** A House/Senate conference committee met yesterday for the first time on legislation (H.R. 3630) that would extend that payroll tax reduction through the end of 2012. The conference committee is expected to meet next on February 1 to continue negotiations.

The White House blueprint does not provide detail for specific proposals. It is expected that additional details will be released in coming weeks. White House officials recently announced that the Administration will not release President Obama's FY 2013 proposed federal budget until February 13.

Separately, Senate Finance Chairman Max Baucus (D-MT) announced yesterday that the Finance Committee will hold a hearing January 31 on expiring tax provisions and tax reform. The hearing is expected to include a review of business tax provisions that expired at the end of 2011. Chairman Baucus stated that the hearing would focus on "how best to approach tax extenders in order to create certainty and allow businesses to invest confidently and create jobs."

[Click here to access the White House blueprint.](#)

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