



Dbriefs U

Supplemental Material

The Tax Legislative Process – A Little Knowledge Goes a Long Way

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About the Supplemental Material

Each Dbriefs U webcast is accompanied by teaching material including discussion or homework questions, a learning activity, and related resources. Visit the Dbriefs U Faculty Resources Web site to download this material. For access to the site and more information, contact dbriefsu@deloitte.com.

To request the solutions for this material, email dbriefsu@deloitte.com.

Discussion/Homework Questions

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Discuss significance of 60 votes in the Senate.

What are the advantages and disadvantages of using the reconciliation process?

What purpose does lobbying serve in the tax legislative process and what are some techniques corporate lobbyists use to influence tax policy?

Activities

To request the solutions for this material, email dbriefsu@deloitte.com.

Overview

Case Study: Preparing to Lobby Congress on a Tax Issue

Length: 30-45 minutes

Type: Team activity

Materials: Activity sheet and solution

Learning Objectives: Analyze the relationships a company has that can help with a lobbying project; think through and demonstrate knowledge of the alternative ways to change tax policy.

Case Study: Health Care Industry Fees/Excise Tax

Length: 15-20 minutes

Type: Individual Activity

Materials: Prescription for change 'filled', Tax provisions in the Patient Protection and Affordable Care Act, Updated to reflect changes approved in the Reconciliation Act of 2010 (March 30, 2010)

Learning Objectives: To understand the fees and taxes imposed under the health care reform legislation enacted by Congress in March of 2010.

Case Study: 2001 and 2003 Tax Cuts

Length: 15-20 minutes

Type: Group Activity

Materials: "Byrd Rule", Expiring 2001 and 2003 tax cuts

Learning Objectives: To understand the rules and implications of using reconciliation instructions to pass tax legislation.

Activities

Case Study: Preparing to Lobby Congress on a Tax Issue

Assume that you are the new tax director of a major renewable energy company that has never lobbied Congress before. Your boss, the chief financial officer (CFO), comes to you and provides you with the following information:

The company's application for the 30 percent advanced energy project credit under section 48C was accepted in 2009 to build new wind turbines. The \$2.3 billion in allocated funds to the program have all been distributed. The White House and Congressional leaders have recently been advocating for enacting additional funds for the program.

An additional credit for new projects is important to the CFO's long-term planning and the uncertain nature of the allocated funds is resulting in lost tax planning opportunities.

1. What questions should you be asking about your company in order to determine next steps for lobbying Congress on this issue?
2. Given what you've learned about the tax legislative process, what might be some alternatives you could suggest to your CFO to address this situation.

Case Study: Health Care Industry Fees/Excise Tax

Using the publication "Prescription for change 'filled', Tax provisions in the Patient Protection and Affordable Care Act, Updated to reflect changes approved in the Reconciliation Act of 2010 (March 30, 2010)" identify the fees and taxes on various industries imposed by the legislation.

1. Identify the specific industries to which each applies
2. Explain how each fee/excise tax is calculated
3. Identify the affected entities/devices under each fee/excise tax
4. Identify the effective dates of each

Case Study: 2001 and 2003 Tax Cuts

Using a summary of the Byrd Rule as found in the Congressional Budget and Impoundment Control Act of 1974 (P.L. 93-344) and the chart provided below consider the following questions:

1. What limits are imposed under the Byrd Rule as it relates to tax-cut legislation? Why are these limits imposed and how will these limits affect the 2001/2003 tax cut legislation?
2. What will be the individual tax rates in 2011 if Congress does not enact a new law?

Tax Rates	Current Law -- 2010	Current Law -- 2011
Ordinary Income	35 %	
	33 %	
	28%	

	25%	
	15%	
	10%	
Dividends	15%	
Long-term capital gains	15%	
personal exemption phase-out & itemized deduction limitation	Gone	

Related resources

To access these materials, visit www.deloitte.com/us/dbriefsu.

Thomas: The Library of Congress: <http://thomas.loc.gov>

The Joint Committee on Taxation: www.house.gov/jct

U.S. House Ways and Means Committee: <http://waysandmeans.house.gov>

U.S. Senate Committee on Finance: www.senate.gov/~finance

Office of Tax Policy, Department of Treasury: www.ustreas.gov/offices/tax-policy

Tying It All Together: Learn about the Legislative Process, U.S. House of Representatives (article)

How Our Laws Are Made, revised and updated by Charles W. Johnson, Parliamentarian, U.S. House of Representatives (article)

IRS Fact Sheet: Facts about the 2008 Stimulus Payments, Internal Revenue Services, February, 2008.

Department of the Treasury: <http://treasury.gov/>

Inside the Revenue Estimating Process, Kleinbard, Edward D., Joint Committee on Taxation, January 2008.
(www.house.gov/jct/Inside_Revenue_Estimating.pdf)

Prescription for change 'filled', Tax provisions in the Patient Protection and Affordable Care Act, Updated to reflect changes approved in the Reconciliation Act of 2010 (March 30, 2010)
(http://www.deloitte.com/assets/Dcom-UnitedStates/Local%20Assets/Documents/Tax/us_tax_Prescriptionforchangeadded_033010.pdf)

Keith, Robert. *The Budget Reconciliation Process: The Senate's "Byrd Rule"* Updated March 20, 2008.
Congressional Research Service
(<http://budget.house.gov/crs-reports/RL30862.pdf>)

Webcast Poll Questions

To request the solutions for this material, email dbriefsu@deloitte.com.

Question

Does tax legislation always originate in the House of Representatives?

- Yes
- No
- Both yes and no

Question

When was the reconciliation process originally enacted?

- 1990 Budget Enforcement Act
- Congressional Budget and Impoundment Control Act of 1974
- Omnibus Reconciliation Act of 1993
- Tax Reform Act of 1986

Question

How many times has the research and development tax credit been extended since it was enacted in 1981?

- 0
- 13
- 6
- 29

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