

The U.S. Tax Reform and the Energy Sector

Reforms in the U.S. tax code proposed by President Donald Trump and Republican Congressional leaders could have significant implications for the energy industry in the U.S., and worldwide, according to **an article** published on the website of Hogan Lovells.

Authors of the article are Washington partners Jamie Wickett, John Stanton and Robert Glennon.

“Full expensing of capital expenditures and a reduction in the U.S. corporate tax rate from the current 35 percent to 20 percent or 15 percent will on balance significantly reduce the tax cost of doing business in the U.S.,” they write. “On the other hand, the loss of the deduction for net interest expense proposed in the Blueprint – will raise the cost of debt in the U.S.”

Also, “The ability for U.S.-based corporations to repatriate profits from foreign subsidiaries on a tax free basis (after paying a one-time tax on all accumulated earnings and profits of foreign subsidiaries) should significantly increase the incentive for these companies to repatriate cash and use it to make U.S. investments (or perhaps to pay down debt or pay dividends).”

Read the article.