# Tax Reform Impact On Energy? Short Answer: MLPs Are Fine

Baker Botts partner Mike Bresson told listeners at the beginning of the law firm's recent webinar that "Master limited partnerships [MLPs] did just fine on tax reform."

**Joseph Markman**, writing in **Oil and Gas Investor** about the webinar presentation, quoted Bresson: "The first big [change], which is definitely a positive, is a reduction in tax rates," said Steve Marcus, partner and Dallas-based department chair in taxes. "The corporate tax rate's been reduced from 35% to 21%."

Another change, however, may have a slightly negative impact, now that interest deductions are limited. The limitation amounts to about 30% of an MLP's adjusted taxable income. How this affects the typical MLP depends on its tax shield.

Markman explains: "For an MLP to calculate the 30% limitation on its ability to deduct its own net business interest expense, it must determine its share of 'excess taxable income' allocated to it from a subsidiary partnership. An MLP's unitholder would then determine 'excess taxable income' in calculating the limitation with respect to its net business interest expense."

**Read the article**.