The Daily Dish

September 22nd Edition

DOUGLAS HOLTZ-EAKIN | SEPTEMBER 22, 2014

The tax code was confusing enough before adding in Obamacare, but now recipients of the ACA's tax refunds may find that they owe the government money. Some of those who took advanced payments of the premium tax credit may find they owe upwards of $2,500 to the IRS. From USA Today, "It might feel like a raw deal for some who are already suffocating under the escalating costs of health insurance…Sadly, it's fair to say some people will see some unexpected, unpleasant surprises on their tax returns next year." The best way to avoid this problem in the future will be to report life changes immediately to (the not perfect) Healthcare.gov.

The White House will roll out their plan regarding for-profit colleges this week. Stipulations on loans compared to graduates' future earnings and more scrutiny of gainful employment programs are expected. Industry experts are concerned that this approach will also entrap private colleges. From The Hill, "The Association of Private Sector Colleges and Universities (APSCU) has cited research showing the regulations could deny as many as 7.5 million students access to post-secondary education by 2020."

Eakinomics: U.S. – Europe Policy Tensions

The outlook for economic growth in Europe is troubled, and downshift echoed across the developed and developing world. Treasury Secretary Jack Lew attended the meeting of the G-20 finance ministers, but hardly got a warm reception for his suggestion that Europe turn to stimulus-style spending policies to boost the near-term outlook. Instead, the G20, with the concurrence of European Central Bank President Mario Draghi, are more disposed to undertaking structural reforms to boost economic growth. The "stimulus versus reform" debate in the G20 reflects the split between progressives and conservatives in the United States. In both the domestic and international settings, the administration has shown no willingness to use political capital to support pro-growth reforms.

Secretary Lew may also be getting an earful over the administration's approach to addressing tax inversions. At the heart of their (rumored) plan is the notion of limiting the deductibility of interest on loans from foreign parents to U.S. subsidiaries. Unfortunately, this has nothing to do with inversions as it could be broadly applied to European firms with long-standing U.S. subsidiaries. This tension highlights the importance of fixing inversions through a modernized tax code, and not poorly targeted and ill-designed one-off tax policy.

From the Forum

Week in Regulation by Sam Batkins, AAF Director of Regulatory Policy