

**Remarks by Ways and Means Chairman Kevin Brady (R-TX) as prepared for delivery:**

Good morning and thank you all for having me.

It's an honor to be here to kick off the Tax Council Policy Institute's 2017 Policy and Practice Symposium.

I want to start today by recognizing Ray Beeman and EY for doing such a great job organizing this event. I want to give special thanks to Lyn Walker and her team at TCPI. And, I want to congratulate TCPI on their upcoming 20th anniversary this year.

For two decades, TCPI has been a leading voice in the creation and advancement of sound, pro-growth tax policy. And, over the past several years, they have played a tremendously supportive role in our efforts on tax reform.

I'm grateful for all of the support and feedback we've received from TCPI as well as the broader tax and business communities. And, I'm even more grateful to know that I can count on all of you to continue providing guidance and expertise as we move forward on tax reform in 2017.

A year ago this week, I had the privilege of addressing the Symposium for the first time. At that point, we were just about to start developing our "Better Way" Blueprint for bold, pro-growth tax reform.

Those of you who were here last year may remember a few of the key goals I mentioned that would be guiding our efforts.

Our first, and largest goal, was to deliver a 21st century tax code built for growth – the growth of families' paychecks, the growth of our local businesses, and the growth of the American economy as a whole.

Secondly, but just as important, tax reform in the 21st century should not aim just to place America in the middle of the pack – we need a tax code that will put America back into the lead pack of the most pro-growth tax codes on the planet.

And, only by aiming high and taking a bold approach can we be successful over the near and long term.

These three goals – focusing on growth, dedicating ourselves to restoring American economic leadership, and going bold – really drove every decision we made, and every proposal we included in the Blueprint we released in June.

Today, with President Trump in the White House and leaders in Congress who are committed to reforming our broken tax code, we are closer to pro-growth tax reform than at any point in the last 30 years.

We are ready, and we are moving forward aggressively to make tax reform a reality in 2017.

One thing is clear – America is slowly but surely losing ground to our international competitors. We cannot afford to waste this opportunity by settling for slow-growth provisions that continue to push jobs and investment overseas and diminish our nation’s economic potential here at home.

Over the coming months, you will see our Committee pushing ahead with efforts to turn the bold ideas of our Blueprint into comprehensive tax reform legislation.

I am confident these bold reforms – working together – will do more than just restore our competitiveness. This is a plan that will make America a global economic leader and a 21st century magnet for new job creation and investment.

One key way we do this is by finally ending the “Made in America” tax that puts our businesses, products, and workers at a tax disadvantage in the U.S. and around the world.

We will finally border adjust our taxes just like all of our international competitors do today.

This is one of our boldest and most important provisions, and we know it has been the subject of a lot of questions and discussion. We welcome those questions, and we think it’s past time to have this discussion.

People want to know why we are making this move, how it works, and what it will mean for American job creators, consumers, and our economy as a whole.

I’ll tell you point blank – We are pushing for border adjustability because it is essential to leveling the playing field for our businesses, products, and workers. And, above all, it is essential to removing the tax incentives that exist today for businesses to move their jobs, investments, and operations outside the United States.

We will continue to push forward with this feature because, when combined with the other bold provisions of our Blueprint, it will truly re-establish America as the best place in the world to invest, hire, and headquarter a business.

Today, more than 160 countries around the world use border adjustable taxes as a major part of their tax systems.

This means they take taxes off their products when they are sold in the America, and they put taxes onto American-made products when our goods are sold in their countries.

Because America does not border adjust, our businesses, workers, and products are at a tax disadvantage here in America and all over the world.

This provides a direct incentive for businesses to move their operations outside the United States. From there, they can sell their products back into America tax-free because we do not currently tax imports.

Our Blueprint proposes a very simple and very powerful solution to this problem. It's based on one question: Is your product or service sold in the United States?

If the answer is yes, that means it will be taxed at a low, equal business rate of 20% – regardless of where that product was made.

There are several major benefits to this simple but powerful approach.

First, it immediately levels the playing field at home. No more tax breaks here in America for foreign-made products. Just true competition where all products are taxed at an equal rate, and all businesses have to battle it out on price, quality, and service.

At the same time, this immediately enhances the competitiveness of our products worldwide. No more double taxation of "Made in America" products sold overseas. Instead, our businesses and workers will have much better opportunities to compete and win, spurring the creation of more jobs and growth here at home.

Secondly, our plan will dramatically simplify America's international tax system, and it will do so in a very pro-growth way. Here, we are truly leapfrogging our global competitors to put ourselves back into that lead pack.

Most of our foreign competitors use border adjustability as a part of their VATs, but the rest of their tax systems remain complicated and prone to the base erosion and profit shifting problems that we have all seen in recent years.

Our approach is different. We are transforming our entire international tax system and moving to a much simpler and smarter cash flow tax. We know that is incredibly pro-growth.

Under our new system, businesses will add up all their export sales at the end of the year and disregard them – sales abroad will not be subject to U.S. tax whatsoever.

At the same time, businesses will add up all their import costs and disregard those as well. With all products taxed equally in the United States, import costs will not be tax deductible.

That's it. Just two basic calculations.

And with the move away from our current approach of taxing based on place of production to a new system where tax is based on place of consumption, there will be another major simplification.

This approach eliminates the need for complex transfer pricing rules or anti-base erosion measures that increase complexity and inhibit investment.

Taking this action will obliterate all tax incentives for businesses to shift profits, operations, jobs, or investments outside the United States. No longer will businesses be able to game the system. No longer will we see our tax base eroded along with our nation's international competitiveness.

And, when combined with the other historic features of our Blueprint, this measure will truly make America a 21st century magnet for new jobs, new investments, and new innovations.

Our Blueprint proposes the lowest rates in modern history for businesses of all sizes. The reason is simple – Washington must take less from our local job creators so they can invest more in growing their businesses, hiring new workers, and giving their employees a raise.

We take historic action to unleash investment by allowing all businesses to immediately write off the full costs of new capital investments. This change – another move toward a modern, pro-growth, consumption-based tax system – will be tremendously beneficial for our economy.

It will provide our job creators with a tax-free return on purchases of new buildings, equipment, technology, and machinery needed to produce and compete at a higher level.

At the same time, it will provide workers with new tools to do their jobs more efficiently and effectively. Higher productivity leads to higher wages and a better quality of life.

For individuals and families, we are proposing to lower rates across the board and flatten out the system dramatically. Instead of the seven brackets we have today, there will be only three.

This is achieved by eliminating the current maze of special interest provisions that cause confusion and keep rates artificially high for everyone.

For the important tax provisions we maintain – the ones focused on helping families with homeownership, higher education, and charitable giving – they will be dramatically simpler and easier to utilize.

In the end, this will be a tax code so simple and so fair that the vast majority of Americans will be able to file their taxes on a form as straight forward as a postcard.

And, it will be much more pro-growth because it also includes greater incentives for individuals and families to save and invest.

Finally, we know that a simpler and fairer tax code demands a simpler and fair tax collector. So, we are proposing to bust up the IRS and redesign it into an agency with a singular focus – taxpayer service.

Instead of the unaccountable and inefficient agency that exists today, the 21st century IRS will be centered around three service units – all of them staffed and trained to provide top-quality service.

One will be dedicated to answering questions for businesses quickly and effectively.

Another will do the same for individuals and families.

And, a third unit will essentially function as a small claims court where all taxpayers can find quick resolution to minor tax disputes.

In the end, when you look at our Blueprint as a whole – which is what we are asking all Americans to do – you can see this is truly a 21st century tax code. It is truly designed from top to bottom with the bold reforms our nation needs and Americans deserve.

To be successful in seizing this once-in-a-generation opportunity on tax reform, we have to stay committed to that vision and approach. We will also need your continued feedback and active participation.

I truly believe in this plan. I truly believe that it will help Americans of all walks of life by providing them with the greatest possible opportunity to realize their own aspirations – whatever those might be.

And, any plan that does this is one that will fuel economic growth in America and U.S. economic leadership throughout the world. After all, our economy can only thrive when our nation's job creators, workers, and families have real opportunities to succeed.

Thank you. I am happy to take your questions now.