
From: Richard Kahn [REDACTED]
Sent: 4/4/2017 5:28:21 PM
To: jeffrey E. [jeevacation@gmail.com]
Subject: Fwd: White House exploring VAT (Washington Post)
Attachments: image002jpg01D2AD4706F2BBA0.jpg; image001jpg01D2AD460BC6CE60.jpg

Importance: High

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Begin forwarded message:

From: "Ens, Amanda" <[REDACTED]>
Subject: **White House exploring VAT (Washington Post)**
Date: April 4, 2017 at 1:26:22 PM EDT
To: "Rich Kahn" <[REDACTED]>
Reply-To: "Ens, Amanda" <[REDACTED]>

David Woo just sent this – please let me know if you'd like an update on his Washington/market views

More sign that VAT is making its way into the discussion....

As you all know, I have been arguing that VAT make tremendous economic sense

A VAT has all the virtues of a BAT without any of its drawbacks

The fact that this is being discussed makes me think that we are getting to a more serious stage of the negotiation over tax reform

This news is bullish for Trump trades, at least for the medium-term

White House explores two new tax ideas — a value-added tax and carbon tax — as leading proposal to raise revenue falters

Washington Post
April 4

By Damian Paletta and Max Ehrenfreund

President Trump's administration is exploring the creation of two controversial new taxes — a value-added tax and a carbon tax — as part of a broad overhaul of the tax code, according to an administration official and one other person briefed on the process.

The value-added tax, which is popular in many other countries, would serve as a kind of national sales tax, one that consumers would pay when they make purchases and that businesses would pay for supplies, services and raw materials. A carbon tax would target the emissions of carbon dioxide and other greenhouse gases in the burning of gasoline, coal and other fossil fuels.

The study of the new options — which would represent major changes to American economic policy — comes as the administration looks to tax reform as its next major battleground for implementing its agenda. Trump wants to cut taxes sharply, but his advisers are looking for ways to raise revenue so as not to create a giant hole in the deficit.

Administration officials stressed that no final decision has been made and they are reviewing different alternatives. Two officials and a third person confirmed the consideration of the value-added tax, while one official and the third person confirmed the consideration of the carbon tax.

The search for new options reflects a recognition of the political challenges facing a proposal known as a border-adjustment tax that the White House and some Republicans had begun to rally around. The proposal, effectively a tax on imports, would not only raise needed revenue but also serve to fulfill Trump's pledge to protect American companies from unfair export competition.

The tax would create incentives for companies to manufacture and produce goods domestically. But the proposal is unpopular with many other Republicans, who have said it would raise costs for consumers on things such as automobiles, electronics and clothing.

A value-added tax and a carbon tax have long been favored tools among economists, including some on the right, to raise revenue in a way that supports economic growth. But the prospect of any new taxes has long drawn skepticism from Republicans.

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