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WASHINGTON: US President Donald Trump shakes hands with Southwest Chairman and CEO Gary Kelly during a meeting with airline industry executives in the State Dining Room of the White House on Thursday. — AFP

TRUMP PLEDGES US TAX REFORM

‘PHENOMENAL’ PLAN TO BE ANNOUNCED IN ‘WEEKS’

WASHINGTON: US President Donald Trump plans to announce the most ambitious tax reform plan since the Reagan era in the next few weeks, the White House said on Thursday. Despite the likelihood of disagreements on tax reform in Congress before tax reform can be enacted, the US dollar rose along with bond yields and stocks on Thursday in response to the announcement.

In a White House meeting with airline executives, Trump promised a “phenomenal” tax plan, but offered no specifics. However, under US law only Congress can substantively change the tax code which has not been overhauled thoroughly since 1986. Both US political parties generally agree on the need for tax reform, but action has been stymied by the complexity of fixing a code riddled with loopholes and subsidies, each with its own political constituency deeply embedded in the U.S. economy.

Trump’s remarks emphasized the need for a change in business taxes. White House

spokesman Sean Spicer told reporters at a later briefing that the Trump plan would include tax cuts for individuals as well. “Lowering the overall tax burden on American business is big league. That’s coming along very well.

“We’re way ahead of schedule,” Trump said at the meeting. “We’re going to be announcing something I would say over the next two or three weeks that will be phenomenal in terms of tax and developing our aviation infrastructure.”

Spicer later said to expect “a comprehensive plan, something we haven’t seen since 1986 ... It’s going to recognize the need to give so many working Americans the relief that they need”. “What he wants to do is create a tax climate that not only keeps jobs here but incentivizes companies to want to come here, to grow here, to create jobs here, to bring their profits back here.”

Investors have been waiting for details on Trump’s election campaign pledge to

stimulate US economic growth through spending on infrastructure projects and tax cuts. The US dollar rose against major currencies on Thursday, posting its best one-day gain against the yen in three weeks, while the greenback firmed against the euro and Swiss franc.

“It’s been a broad-based dollar rally driven by the headlines that Trump plans to announce something phenomenal on taxes in the next few weeks, in his words,” said Kathy Lien, managing director of BK Asset Management. “That was really the crux of the dollar rally shortly after his election, and I think investors are getting really excited about that again,” Lien said.

During last year’s campaign, the president pledged to cut the US business tax rate from 15 percent from 35 percent. The White House and Republicans in the House of Representatives have been in tax reform discussions which has also included a controversial border adjustment proposal that has

come under fire from retailers, oil refiners and automakers. Republicans, who once expected to wrap up tax reform in the first 100 days of the Trump administration, have recently predicted House legislation would instead emerge in mid-2017 and possibly be voted on before Congress’ August recess. Lawmakers have also been considering ways to upgrade US infrastructure such as roads, bridges, airports and rail systems.

At Thursday’s meeting, Trump discussed what he called an obsolete US air traffic control system, as well as out-of-date airport infrastructure, train systems and roads. He told the executives he was determined to “change all of that” and said they would be very happy with his proposals.

“So we want to help you realize these goals by rolling back burdensome regulations, and you people are regulated probably as much as almost anybody, although I can think of a couple of industries that are even worse,” Trump said. — Reuters