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No one knows what will happen regarding the attempt in Congress to rewrite the tax laws. It is a bipartisan problem that federal debt is so high that the government has limited room to maneuver to cut taxes and thus any cuts may be offset by closing of loopholes and thus not much fundamental change will occur.

It seems highly likely that loopholes will continue to get closed both now and in future years. This means taxes will go up for those who are affluent people living in high tax states, or those who have medical expense deductions, etc.

These loophole closing trends will make the relative value of reliable tax shelters to be worth more. That means tax-free Municipal bonds and rental real estate may benefit on a relative basis, however, real estate is overpriced so it would be inappropriate to buy until a crash like 2009 occurs.

I doubt the ultimate outcome of the proposed tax cut for business owners with pass-through entities (like S corporation or LLC) will result in a cut for them. There are too many complexities that need to be addressed to prevent abuse. This proposed law will end up increasing the IRS definition of earned income for these people which is subject to payroll tax. This tax is 15.3% for self-employed people and is in addition to regular income taxes. Thus the new proposed tax law could be very expensive for some people.

If the bill ends up closing loopholes as a bill did in 1988 which reduced tax benefits for rental real estate, then that could trigger a crash in the rental housing market as it did in 1989. This resulted in a very expensive bailout of the Savings & Loan industry (almost as bad as TARP if adjusted for inflation) and a long recession in 1990-93.

Congress has granted the IRS power to use civil court procedures to prohibit abusive tax shelters even if no specific legislation exists to prevent

some abusive actions. Thus people who seek to restructure their finances to use new lower rates for pass through pass through entities may find they have big problems in tax court that take years to resolve.

Assuming that stocks and real estate are overpriced and due for a crash then instead of pursuing tax shelters investors ought to realize that during crashes many investment losses get very unfavorable tax treatment and thus they had best get out at the top of the market and pay their taxes now.

Regarding the possibility that corporate subsidiaries can repatriate profits by paying a modest tax if the bill passes, I think this will actually reduce corporate earnings since currently this situation is written up in corporate books of publicly traded companies as a tax-free situation, thus the new bill if passed, would lower corporate after-tax earnings, putting downward pressure on stocks. The cut from 35% to 20% tax may help stimulate the economy, but the problem is all of the tax savings in the bill go to very high income people and corporations and in some cases they are less willing to spend their tax savings and thus the bill may not produce stimulus.