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Tax code overhaul could spell bad news for oil and gas

House Ways and Means Committee Chairman Dave Camp (R-MI) has acknowledged that tax credits normally enjoyed by the oil and gas industry are not off the table when it comes to overhauling the United States' tax code. In an effort to balance the budget and reinvigorate the economy, lawmakers are looking to reform the tax code, which currently sets the majority of corporate tax rates at approximately 40 percent and marginal federal corporate income tax rates at 35 percent. Chairman Camp and other members of Congress hope to lower the corporate tax rate to around 25 percent; however, in order to do so they are setting their sights on limiting targeted tax breaks for companies, including the oil and gas industry.

Among other benefits, the oil and gas industry can currently deduct "intangible drilling costs" (IDCs), as well as deductions from being classified as "manufacturers" when filing taxes.

Sources: E&E News, KPMG Global