

COMPARISON OF MAJOR PROVISIONS

PROVISION	CURRENT LAW	HOUSE WAYS AND MEANS BILL	ANTICIPATED SENATE BILL
Corporations	4 brackets; 15, 24, 25, 35%	20% beginning in 2018	20% beginning in 2019
Pass-through Entities	39.6% or applicable individual rate	25% on all passive income; Active income bifurcated 70% (ordinary) –30% (25% rate) with 9% rate for small businesses with phased-out provisions	Deduction of 23% on domestic qualified business income of pass-through entities; sunsets in 2025
Individual	7 brackets; 39.6% top rate	4 brackets; 12, 25, 35 and 39.6% rates	7 brackets; 10, 12, 22, 24, 32, 35 and 38.5%; sunsets in 2025
Estate	Applies to \$5.49MM single, \$10.98MM couple	Repeal after 2023; Base amount increased to \$11MM/22MM 2018 –2023	Base amount increased to \$11MM/22MM; Sunsets 2025
Alternative Minimum Tax	Separate tax calculation on some returns	Repeal	Preserves corporate AMT; Increases individual exemptions; sunsets 2025
Repatriation of Indefinitely Reinvested Foreign Earnings	None	14% tax on cash and cash equivalent assets; 7% on other classes	14% tax on cash and cash equivalent assets; 7% on other classes

INDIVIDUAL DEDUCTIONS & CREDITS

PROVISION	CURRENT LAW	HOUSE WAYS AND MEANS BILL	ANTICIPATED SENATE BILL
Standard Deduction	\$6,300 (Single); \$12,600 (MFJ)	\$12,000 (Single); \$24,000 (MFJ)	\$12,000 (Single); \$24,000 (MFJ); sunsets in 2025
Carried Interest	Income flowing to the partner of a private fund, is treated as capital gains	Expands holding period from 1 to 3 years	Expands holding period from 1 to 3 years
State and Local Tax Deduction	Itemized deduction for taxes paid	Eliminates sales and income tax deduction; Caps property tax deduction at \$10K	Eliminates sales and income tax deduction; Caps property tax deduction at \$10K
Child Tax Credit	\$1,000 per child	\$1,600 per child/ \$300 for non-child dependent	\$2,000 per child/ \$500 for non-child dependent; sunsets in 2025
Mortgage Interest	Deduct up to \$1MM in mortgage principal; home equity interest eligible; second home eligible	Reduce deduction to \$500K in mortgage principal on primary residence only; no home equity interest; eliminates deduction on vacation homes	Retain deduction for \$1MM in mortgage principal; eliminates home equity mortgage interest deduction; sunsets in 2025
Charitable Deduction	Deduct up to 50% of adjusted gross income (AGI)	Increase deduction up to 60% of AGI, but repeal other minor provisions	Increase deduction up to 60% of AGI, but repeal other minor provisions

BUSINESS DEDUCTIONS & CREDITS

PROVISION	CURRENT LAW	HOUSE WAYS AND MEANS BILL	ANTICIPATED SENATE BILL
Cost Recovery	Expensing at 50% for 2017, 40% for 2018, 30% in 2019; \$500K threshold and phase-out at \$2MM	5-year allowance for 100% expensing of capital investments; Section 179 expensing threshold increased to \$5MM and phased to \$20MM	100% expensing of capital investments stepping down by 20% over 5-years; Section 179 expensing threshold increased to \$5MM and phased to \$20MM
Business Interest	Fully deductible, subject to certain limitations	All businesses > \$25MM subject to a disallowance of net interest over 30% of ATI	All businesses > \$25MM subject to a disallowance of net interest over 30% of ATI; excludes floor plan financing
Repatriation	No special rate	14% tax on cash and cash equivalent assets; 7% on other classes	14% tax on cash and cash equivalent assets; 7% on other classes
Other Significant Changes		Net operating loss deduction; domestic production; clinical trials, entertainment expense; bonds	Repeals Obamacare individual mandate