

# TAX CUT AND JOBS ACT OF 2017 – PROPOSALS

Topic	House Bill (H.R.1) as passed by the House 11/13/17	Senate Bill as passed by Sen Fin Committee 11/16/17	Notes																																																												
Reduction of rates	<p><b>Married Filing Joint (MFJ) (Surviving Spouse)</b></p> <table border="0"> <tr><td>\$0-90,000</td><td>12%</td></tr> <tr><td>\$91,000-260,000</td><td>25%</td></tr> <tr><td>\$260,001-1,000,000</td><td>35%</td></tr> <tr><td>Over \$1,000,000</td><td>39.6%</td></tr> </table> <p><b>Single</b></p> <table border="0"> <tr><td>\$0-45,000</td><td>12%</td></tr> <tr><td>\$45,001-130,000</td><td>25%</td></tr> <tr><td>\$130,001-500,000</td><td>35%</td></tr> <tr><td>Over \$500,000</td><td>39.6%</td></tr> </table> <p><b>Head of Household (HOH) – 75% of MFJ brackets</b>  <b>Married Filing Separate (MFS) – 50% of MFJ brackets</b></p> <p>Phaseout of 12% bracket for MFJ starts at \$1,200,000, for MFS 50% of MFJ, and for HOH/Single at \$1,000,000</p> <p><b>Trusts</b></p> <table border="0"> <tr><td>\$0-2,550</td><td>12%</td></tr> <tr><td>\$2,551-9,150</td><td>25%</td></tr> <tr><td>\$9,151-12,500</td><td>35%</td></tr> <tr><td>Over \$12,500</td><td>39.6%</td></tr> </table>	\$0-90,000	12%	\$91,000-260,000	25%	\$260,001-1,000,000	35%	Over \$1,000,000	39.6%	\$0-45,000	12%	\$45,001-130,000	25%	\$130,001-500,000	35%	Over \$500,000	39.6%	\$0-2,550	12%	\$2,551-9,150	25%	\$9,151-12,500	35%	Over \$12,500	39.6%	<p><b>Married Filing Joint (MFJ) (Surviving Spouse)</b></p> <table border="0"> <tr><td>\$0-19,050</td><td>10%</td></tr> <tr><td>\$19,051-77,400</td><td>12%</td></tr> <tr><td>\$77,401-140,000</td><td>22%</td></tr> <tr><td>\$140,001-320,000</td><td>24%</td></tr> <tr><td>\$320,001-400,000</td><td>32%</td></tr> <tr><td>\$400,001-1,000,000</td><td>35%</td></tr> <tr><td>Over \$1,000,000</td><td>38.5%</td></tr> </table> <p><b>Single</b></p> <table border="0"> <tr><td>\$0-9,525</td><td>10%</td></tr> <tr><td>\$9,526-38,700</td><td>12%</td></tr> <tr><td>\$38,701-70,000</td><td>22%</td></tr> <tr><td>\$70,001-160,000</td><td>25%</td></tr> <tr><td>\$160,001-200,000</td><td>32%</td></tr> <tr><td>\$200,001-500,001</td><td>35%</td></tr> <tr><td>Over \$500,000</td><td>38.5%</td></tr> </table> <p><b>Head of Household – between Single and MFJ</b>  <b>Married Filing Separate – 50% of MFJ brackets</b></p> <p><b>Trusts</b></p> <table border="0"> <tr><td>\$0-2,550</td><td>10%</td></tr> <tr><td>\$2,551-9,150</td><td>24%</td></tr> <tr><td>\$9,151-12,500</td><td>35%</td></tr> <tr><td>Over \$12,500</td><td>38.5%</td></tr> </table>	\$0-19,050	10%	\$19,051-77,400	12%	\$77,401-140,000	22%	\$140,001-320,000	24%	\$320,001-400,000	32%	\$400,001-1,000,000	35%	Over \$1,000,000	38.5%	\$0-9,525	10%	\$9,526-38,700	12%	\$38,701-70,000	22%	\$70,001-160,000	25%	\$160,001-200,000	32%	\$200,001-500,001	35%	Over \$500,000	38.5%	\$0-2,550	10%	\$2,551-9,150	24%	\$9,151-12,500	35%	Over \$12,500	38.5%	Both bills propose an effective date tax years beginning after 12/31/17
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Personal Exemptions	Repealed effective for tax years after 12/31/17	Repealed effective for tax years after 12/31/17	Similar provision												
AMT (Alternative Minimum Tax)	Repealed for tax years after 12/31/17. Credits carried forward may be utilized over and are considered refundable up to 50% for 2019-2021. Any amount not utilized will be 100% refundable in 2022.	Similar provision as House	Similar provision												
Child Tax Credit	<p>Increase credit from \$1,000 to \$1,600 for each qualifying child (&lt;17 years old as of 12/31).</p> <p>Add a new credit of \$300 for each other dependent and for each taxpayer (each spouse) through 2022</p> <p>Phaseout starts at \$230,000 (up from \$110,000) for MFJ and is 50% of that amount for unmarried individuals.</p>	<p>For tax years 2018-2025, increase the credit for each qualifying child from \$1,000 to \$2,000 (&lt;18 years old as of 12/31)</p> <p>Add a new credit of \$500 for each other dependent.</p> <p>Phaseout starts at \$1,000,000 for MFJ and is 50% of that amount for unmarried individuals.</p>	Similar provisions but amounts differ												
Nonrefundable Credits	<p>Repeal the credit for elderly and disabled, adoption tax credit, credit for mortgage credit certificates, plug-in electric drive motor vehicles.</p> <p>Adoption tax credit is preserved.</p>	No provision to repeal any of these credits	Different provisions												

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Education Incentives	<p>Retain American Opportunity Tax Credit (AOTC) but allow for a 5<sup>th</sup> year at 50% of the current credit amount.</p> <p>Eliminate the Lifetime Learning Credit and Hope Scholarship Credit.</p>	No change to current education credits.	Different provisions
Education Incentives (Cont'd)	<p>Eliminate Coverdell savings accounts but allow rollovers into 529 plans.</p> <p>Allow elementary and high school expenses up to \$10,000, as well as registered apprenticeship programs to be paid with 529 funds.</p> <p>Unborn children may be designated beneficiaries (in utero).</p> <p>Discharge of student loans on account of death or disability shall be excludable from income.</p>	<p>No provision regarding Coverdell.</p> <p>No provision regarding these expenses.</p> <p>Unborn children may be designated beneficiaries (in utero).</p> <p>Discharge of student loans on account of death or disability shall be excludable from income.</p>	Differences in many provisions
Overall limitation on Itemized deductions	Effective for years after 12/31/17 the reduction in itemized deductions based on adjusted gross income will be repealed.	Similar provision as House	Similar provision
Mortgage Interest Deductions	For mortgages incurred after 11/2/17, effective after 12/31/17, the interest deduction would be limited to \$500,000 for a primary residence only. Second residence debt and home equity debt would no longer be deductible. Debt incurred on or before 11/2/17 would be grandfathered for primary residence debt at the \$1 million limit.	Would only eliminate home equity debt from what is considered deductible and retain the \$1 million limitation.	Differences in provision amount. But both eliminate home equity debt.

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State and local taxes	Effective for tax years after 12/31/17 state income taxes would no longer be deductible.  Total of \$10,000 for real property tax would be deductible	Elimination of all state and local taxes for tax years after 12/31/17.	Both eliminate state and local income tax but only House retains real estate tax.
Repeal of certain deductions	For tax years after 12/31/17:  Casualty and theft losses. Medical Expense deduction. Tax preparation fees. Alimony. Moving expenses. Unreimbursed employee expenses. \$250 teacher deduction.	Limit casualty losses to Presidentially declared disaster areas.  Increase deduction for teachers from \$250 to \$500.  No itemized deductions subject to 2% limit would be allowed (tax prep, unreim EE exp).  Allow moving expense deduction for Armed Forces only.	Different provisions.
Roth IRAs	Disallows recharacterizations from Roth to regular IRAs effective for tax years after 12/31/17.	No provision.	Different provisions
Sale of principal residence	Allow gain exclusion up to \$500,000 (MFJ) but increase use as main home rule from 2 out of 5 to 5 out of 8 years for sales after 12/31/17. Allows only 1 sale every 5 years. Phaseout applies above exclusion amount.	Similar rule to House but without the phaseout.	Similar provisions
Estate Tax and GST	For 2018-2024, increase exclusion from \$5M to \$10M (adjusted for inflation). After 2024, no estate tax or GST would apply but beneficiaries would receive full step up in basis.	For 2018-2025, increase exclusion from \$5M to \$10M (adjusted for inflation). After 2024, estate tax and GST would still apply and exclusion amount would be reduced to the \$5M amount.	Eventual elimination vs temporary increase in exclusion
Gift Tax	Exclusion would increase to \$10M (adjusted for inflation) and would not end after 2024.	Similar provision to Estate Tax and GST.	Both retain gift tax