Comparing the GOP Plans Proposed in the House and Senate

CATEGORY	CURRENT LAW	HOUSE GOP PLAN	SENATE GOP PLAN	CONFERENCE COMMITTEE PLAN
Corporate Income Taxes	**Top rate of 35%**	Top rate of **20% for corporations and 25% for small businesses** that pass on profits to owners.	Top rate of **20% for corporations** starting in 2019; allows small business owners to deduct **23%** of earnings, pay personal tax rate on remainder.	**21% flat corporate tax rate** beginning in 2018. Would repeal the maximum corporate tax rate on net capital gain as obsolete. No special rate for personal service corporations. Would reduce the 80% dividends received deduction to 65% and the 70% dividends received deduction to 50%. No expiration. Permits owners of pass-through entities to deduct **20% of income**. Expires after 2025. § 13001, § 11011
Individual Income Taxes	**Seven brackets:** 10%, 15%, 25%, 28%, 33%, 35%, 39.6% **2018 Tax Brackets, assuming no change:** **Married Filing Jointly:** **10%** (Taxable income not over $19,050) **15%** (Over $19,050 but not over $77,400) **25%** (Over $77,400 but not over $156,150) **28%** (Over $156,150 but not over $237,950) **33%** (Over $237,950 but not over $424,950) **35%** (Over $424,950 but not over 480,050) **39.6%** (over $480,050)	**Four brackets:** 12%, 25%, 35%, 39.6%	**Seven brackets:** 10%, 12%, 22%, 24%, 32%, 35%, 38.5%	Conference Committee adopted the Senate plan with the following modifications: **Seven brackets:** 10%, 12%, 22%, 24%, 32%, 35%, 37% **Married Filing Jointly:** **10%** (Taxable income not over $19,050) **12%** (Over $19,050 but not over $77,400) **22%** (Over $77,400 but not over $165,000) **24%** (Over $165,000 but not over $315,000) **32%** (Over $315,000 but not over $400,000) **35%** (Over $400,000 but not over 600,000) **37%** (over $600,000) § 11001

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Capital Gains	**0%** for tax brackets taxed at 10%-15% **15%** for tax brackets taxed at 25%-35% **20%** for tax bracket taxed at 39.6%	**0%** for tax bracket taxed at 12% **15%** for tax brackets taxed at 25%-35% **20%** for tax bracket taxed at 39.6%	**No change in the current breakpoints.** **0%** for tax brackets taxed at 10%-22% **15%** for tax brackets taxed at 22%-35% **20%** for tax bracket taxed at 38.5%	Conference Committee adopted the Senate Plan as follows: **0%** for tax brackets taxed at 10%-12% **15%** for tax brackets taxed at 22%-35% **20%** for tax bracket taxed at 37% § 11001
Standard Deduction	**$6,350** for singles, **$12,700** for married couples.	Increases deduction to **$12,000** for individuals, **$24,000** for married couples.	Increases deduction to **$12,000** for individuals, **$24,000** for married couples.	Conference Committee adopted the Senate plan as follows: The bill would increase the standard deduction to **$12,000** for single filers, **$24,000** for married couples. § 11021
Personal Exemptions	A taxpayer may claim a **personal exemption deduction of $4050** for each person claimed as a dependent.	The bill would repeal the deduction for personal exemptions, effective for tax years beginning after Dec. 31, 2017.	The bill would suspend the deduction for personal exemptions for tax years beginning after Dec. 31, 2017, and before Jan. 1, 2026.	Conference Committee adopted the Senate plan, but with several modifications to the withholding rules. The bill would **suspend the deduction for personal exemptions** for tax years beginning 2018 through 2025. § 11041
Individual Alternative Minimum Tax (AMT)	Limits certain tax benefits for higher-income earners. Currently, **the exemption amount for individuals is $54,300**, with a phase-out threshold of $120,700, and for **married couples the exemption is $84,500**, and the phase-out threshold is $160,900.	**Eliminates AMT.**	**Reduces number** of people required to pay AMT.	Conference committee adopted the Senate plan with the following modificiations: For tax years beginning 2018 through 2025, **increase the AMT exemption** amounts for individuals to **$70,300** and to **$109,400** for married couples. The bill would also increase the phase-out of exemption amounts to $500,000 for individuals and $1 million for married couples. § 12003

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Corporate AMT	Limits certain tax benefits for higher-earning corporations.	**Eliminates AMT.**	Retains AMT.	**Eliminates AMT** starting in tax year 2018. No expiration. § 12001
Child Tax Credit	Provides **$1,000 tax credit per child** age 17 or younger for families making less than $110,000.	Increases credit to **$1,600 per child,** extends credit to those earning $230,000, adds $300 credit per adult in a family, expires in 2023.	**Increases credit to $2,000 per child.** Increases the age limit for a qualifying child to 18. Increases the threshold amount where credit would begin to phase out to **$500,000**, not indexed for inflation. Index the **maximum amount refundable ($1000)** for inflation.	Conference Committee adopted the Senate plan with the following modifications: Credit will be **increased to $2000**. No age increase for qualifying child. The bill would increase the threshold amount where the credit would begin to **phase out to $400,000**. This amount would not be indexed for inflation. The bill would also index the **maximum amount refundable ($1,400)** for inflation. All provisions would be effective for tax years 2018 through 2025. § 11022
Estate Tax	Taxes estate property valued at **more than $5.5 million**, $11 million if passed on to a surviving spouse or Deceased Spouse's Unused Exclusion (or "DSUE").	**Increases exemption to $11 million** ($22 million for a surviving spouse), **repeals tax entirely in 2025.**	**Increases exemption to $11 million** ($22 million for a surviving spouse), effective for tax years 2018 through 2025.	Conference Committee adopted the Senate plan as follows: The bill would increase the federal estate and gift tax unified credit basic exclusion amount to **$11 million** (adjusted for inflation) for tax years 2018 through 2025. The bill does not provide for a repeal of the estate tax at any point in the future. § 11061

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Generation Skipping Transfer Tax (GST)	Taxes transfers of property valued at **more than $5.5 million** to grandchildren or younger generations, or to trusts with grandchildren or younger generations as beneficiaries.	**Increases exemption to $11 million, repeals tax entirely in 2025.**	**Increases exemption to $11 million**, effective for tax years 2018 through 2025.	Conference Committee adopted the Senate plan as follows: The bill would increase the federal GST exemption amount to **$11 million** (adjusted for inflation) for tax years 2018 through 2025. The bill does not provide for a repeal of the GST tax at any point in the future. § 11061
Mortgage Interest Deduction	Allows deduction of interest on **first $1 million** of a mortgage.	Limits deduction for new mortgages to the **first $500,000** of the loan.	Retains deduction of interest on **first $1 million** of a mortgage.	Limits deduction of interest on “acquisition indebtedness” to the first **$750,000** of a mortgage on a first or second home, through 2026, then reverts back to first $1 million. **Effective for debt incurred after December 15, 2017.** Suspends the interest deduction on “home equity indebtedness” through 2025. § 11043
State/Local and Property Income Tax Deductions	Allows **taxes paid to states and property taxes to be deducted** from federal taxes.	**Eliminates deductions for state and local income** and sales taxes, caps at $10,000 deduction for property taxes.	**Eliminates deductions for state and local income** and sales taxes, caps at $10,000 deduction for property taxes.	**Limits deductions for individuals for state and local** income, sales, and property taxes at **$10,000**. Eliminates the deduction entirely after 2025. **Does not permit a deduction for pre-payment of state and local taxes.** § 11042

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Charitable Contributions	Limits the charitable contribution deduction to **50% of a taxpayer's AGI** for contributions of ordinary income property (i.e. not capital gain property).	**Increases the limitation to 60% of AGI.**	**Increases the limitation to 60% of AGI** for tax years 2018 through 2025.	Conference Committee adopted the Senate plan as follows: **Increase the limitation on cash contributions to 60% of AGI** for tax years 2018 through 2025. Eliminated $250 substantiation requirement if reported by donee. § 13705
Medical Expense Deduction	Allows deduction of eligible expenses in excess of **10% of the AGI** (7.5% for individuals over age 65).	Repeals.	Retains, and for tax years 2017 and 2018, allows it to be taken if eligible expenses exceed 7.5% of AGI, rather than 10% under current law.	Conference Committee adopted the Senate plan as follows: **Retains the deduction** and allows it to be taken if eligible expenses exceed **7.5% of AGI** for tax years 2017 and 2018, rises back to 10% in 2019. § 11027
Other Deductions	**Various deductions and loopholes allowing** taxpayers to reduce tax burden.	**Eliminates deductions for** medical expenses, tax preparation, personal casualty losses; limits deduction for charitable contributions.	**Retains medical expense deduction,** ends deductions for moving and tax preparation. Increases above-the-line deduction for teacher expenses to $500.	Conference Committee adopted the Senate plan as follows: **Retains medical expense deduction**, ends deductions subject to 2% floor (e.g. tax preparation and moving expenses). Does not include provision for teacher expenses. **Suspends limitation on itemized deductions** for tax years 2018 through 2025. § 11045, § 11046
Affordable Care Act Individual Mandate Tax	**Imposes tax penalties** on individuals who fail to obtain health insurance.	**Makes no changes** to individual mandate tax.	**Repeals individual mandate, ending tax penalties** for failing to have health insurance.	Conference Committee adopted the Senate plan as follows: **Repeals individual mandate starting 2019.** § 11081

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Temporary 100% Expensing for Business Assets (Bonus Depreciation under Code § 168(k))		The bill would extend the availability of first-year additional depreciation for qualified property and specified fruit- and nut-bearing plants for three additional years, and would increase the first-year additional depreciation percentage to 100%, effectively allowing taxpayers to deduct immediately the full cost of qualified property acquired and placed in service after Sept. 27, 2017, and before Jan. 1, 2023. Qualified property would exclude property used in a trade or business with floor plan financing indebtedness.	The bill would initially allow full expensing for property placed in service after Sept. 27, 2017, reducing the percentage that may be expensed for property placed in service after Jan. 1, 2023 by 20% every year. Taxpayers could elect 50% instead of 100% expensing for qualified property placed in service during the first tax year ending after Sept. 17, 2017. Qualified property would exclude property used in a trade or business with floor plan financing indebtedness.	Conference Committee adopted the Senate plan as follows: The bill would initially allow **full expensing for property placed in service after Sept. 27, 2017**, reducing the percentage that may be expensed for property placed in service after Jan. 1, 2023 by 20% every year. Taxpayers could elect 50% in lieu of 100% expensing for qualified property placed in service during the first tax year ending after Sept. 27, 2017. Bonus depreciation allowed both for new and used property. The committee agreement **does not** include a provision for floor plan financing. § 13201
Net Operating Losses (NOLs)	Can deduct NOL up to **100% of taxable income** for that tax year. NOL can be carried back 2 years and carried forward 20 years.	**Eliminates NOL carrybacks** while providing for **indefinite NOL carryforwards**, increased by a factor reflecting inflation and the real return to capital, while restricting the deduction of NOLs to **90% of current year taxable income**.	**Eliminates NOL carrybacks** while limiting NOL carryforwards to **90% of taxable income**. The bill allows unused NOL to be **carried forward indefinitely**.	Conference Committee adopted the Senate plan as follows: Eliminates NOL carrybacks while limiting NOL carryforwards to **80% of taxable income**. The bill allows unused NOL to be **carried forward indefinitely**. § 13302
Cash Accounting	Only businesses with gross receipts under $5 million are permitted to use the cash method of accounting.	Increases small business eligibility from $5 million to $25 million.	Increases small business eligibility from $5 million to $15 million.	Conference Committee adopted the House plan as follows: Increases small business eligibility from $5 million to **$25 million**. **Repeals** requirement that such business satisfy the requirement for all previous years. § 13102

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Business Credits and Deductions		Eliminates credits for orphan drugs, energy, private activity bonds, rehabilitation, and contributions of capital, among others.	Modifies, but does not eliminate, the rehabilitation credit and the orphan drug credit, while also limiting the deduction for FDIC premiums and retaining certain other preferences eliminated in the House version.	Conference Committee adopted the Senate plan as follows: Limits orphan drug credit to **25%** of qualified clinical testing; **20%** credit for rehabilitation expenses; limit on FDIC premiums for institutions with **assets over $10 billion**. Does not address the energy credit. **Preserves** tax-exempt status for private activity bonds. § 13531, § 13401
International Income		Moves to a territorial system with base-erosion rules including the inclusion of 50% of excess returns by controlled foreign corporations in U.S. shareholders' income, and an excise tax on payments made to foreign firms unless claimed as effectively connected income.	Moves to a territorial system with anti-abuse rules and a base erosion minimum tax of the excess of 10% of modified taxable income over an amount equal to regular tax liability.	Conference Committee adopted the Senate plan as follows: Provides **100% deduction for foreign-source portion of dividends** received from "specified 10-percent owned foreign corporations" by U.S. corporate shareholders, subject to a one-year holding period. No foreign tax credit (or deduction for foreign taxes paid with respect to qualifying dividends) would be permitted for foreign taxes paid or accrued with respect to a qualifying dividend. Recapture rule imposing 35% tax rate on mandatory inclusions of a U.S. shareholder that becomes an expatriated entity within 10 years of bill's enactment. §§ 14101-14103

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Deemed Repatriation of Foreign Profits		Enacts deemed repatriation of currently deferred foreign profits at a rate of 14% for liquid assets and 7% for illiquid assets.	Enacts deemed repatriation of currently deferred foreign profits at a rate of 14.49% for liquid assets and 7.49% for illiquid assets.	Conference Committee adopted the Senate plan as follows: Enacts deemed repatriation of currently deferred foreign profits at a rate of 15.5% for liquid assets and 8% for illiquid assets. §§ 14101-14103
Like-Kind Exchanges (Code § 1031)	Taxpayers may exchange tax-free property used in a trade of business or held for investment for property **of like kind** also used in a trade or business or for investment..	Limit scope of like kind exchanges to **real property only.**	Limit scope of like kind exchanges to **real property only**.	Conference Committee adopted the Senate plan as follows: The bill would limit the nonrecognition of gain for like-kind exchanges to **real property** that is not held primarily for sale. The bill would generally apply to exchanges starting in tax year 2018. However, an exception would be provided for any exchange if either the property being exchanged or the property received is exchanged or received on or before Dec. 31, 2017. § 13303
Gain from Sale of Principal Residence	Exclusion of $500,000 available only if taxpayer has owned and used home as a principal residence for **two of five** years preceding the sale.	Exclude up to $500,000 but only if the taxpayer owned and used the house as a principal residence for **five out of the previous eight years**. Exclusion available only once every five years, AND **exclusion begins to phase out** by $1 for every $1 that a single taxpayer's gross income exceeds $250,000 (or $500,000 for joint filers).	Exclusion of $500,000 available only if taxpayer has owned and used home as a principal residence for **five of eight years** ending on the date of the sale. Apply to sales after December 31, 2017 and before January 1, 2026. New rules do not apply for sale under a binding contract in effect before January 1, 2018.	The Conference Committee **did not adopt either of the House or Senate plans.**

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Step Up in Tax Basis on Death under Code § 1014	On death, all assets includible in the estate of the decedent enjoy a step-up in tax basis to fair market value for federal income tax purposes under Code § 1014(a).	NO PROVISION!	NO PROVISION!	NO PROVISION!
Selling Securities By Lot Based on Date Acquired	A "lot" of securities purchased at different times can be sold separately, allowing the taxpayer to choose whether to sell higher-basis investment or lower-basis investment.	Not addressed.	Senate Bill would requires sales of investment assets after December 31, 2017 to be determined on a **FIFO basis** rather than at the election of the taxpayer.	The Conference Committee **did not include** the Senate FIFO rule.
Self-Created Property not Treated as a Capital Asset	Self-created property is generally treated as a capital asset. Exceptions, including copyrights and literary or musical compositions are treated as ordinary property. Patents and other intangibles are not included in this exception and are treated as capital assets.	Treats gain or loss from the disposition of a self-created patent, invention, model or design, secret formula or process as ordinary in character. Preserves the election to treat musical composition and copyright in musical works as a capital asset.	Not addressed.	Conference Committee adopted the House plan as follows: Treats gain or loss from the disposition of a self-created patent, invention, model or design, secret formula or process as ordinary in character. Preserves the election to treat musical composition and copyright in musical works as a capital asset. § 13314
Treatment of Pass-Through Income	S Corporations, partnerships, disregarded entities, and sole proprietorships "pass through" income for the activity to the individual owner(s).	Caps the pass-through rate at 25%, then setting anti-abuse rules that begin with the rebuttable presumption that 70% of pass-through income is wage income (subject to the regular rate schedule), while 30% is business income (subject to the lower rate cap), while excluding many professional service companies from the preferential rate.	For tax years beginning after Dec. 31, 2017, and before Jan. 1, 2026, would allow a new deduction of 23% for taxpayers who have domestic "qualified business income" (QBI) from a partnership, S corporation, or sole proprietorship. The 23% deduction is also allowed for a taxpayer's qualified REIT dividends, qualified cooperative dividends, and qualified publicly traded partnership income. Specified agricultural and	Conference Committee adopted the Senate plan with the following modifications: The percentage of the deduction allowable under the provision would be 20% (not 23%). The threshold amount above which both the limitation on specified service businesses and the wage limit are phased in. would be reduced to $157,500 ($315,000 in the case of a joint return), indexed. These limitations would be fully phased in for a taxpayer

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			horticultural cooperatives would also qualify for the 23% deduction. QBI would be defined as all domestic business income other than investment income (e.g., dividends (other than qualified REIT dividends and cooperative dividends), investment interest income, short-term capital gains, long-term capital gains, commodities gains, foreign currency gains, etc. Deduction would generally be limited to 50% of the taxpayer's allocable or pro rata share of "W-2 wages" paid by the partnership or S corporation, or 50% of the "W-2 wages" of the sole proprietorship. "W-2 wages" of a partnership, S corporation, or sole proprietorship would be the sum of wages subject to wage withholding, elective deferrals, and deferred compensation paid by the business during the calendar year ending during the taxable year. Thus, if the partnership, S corporation, or sole proprietorship does not pay "W-2 wages," the owner or taxpayer's deduction would be zero. The "W-2 wage" limit would not apply to a taxpayer with taxable income not exceeding $500,000 (for married individuals filing jointly) or $250,000 (for other individuals), and the application of the "W-2	with taxable income in excess of the threshold amount plus $50,000 ($100,000 in the case of a joint return). The wage limit applicable to taxpayers with taxable income above the threshold amount would be modified to be the greater of (a) 50% of the W-2 wages paid with respect to the qualified trade or business, or (b) the sum of 25% of the W-2 wages with respect to the qualified trade or business plus 2.5% of the unadjusted basis, immediately after acquisition, of all qualified property. For this purpose, qualified property is generally defined as tangible property subject to depreciation under §167, held by a qualified trade or business, and used in the production of qualified business income. The definition of a specified service trade or business would be modified to exclude engineering and architecture services, and to take into account the reputation or skill of owners. The conference agreement would clarify (1) that the 20% deduction is not allowed in computing adjusted gross income (AGI), and instead is allowed as a deduction reducing taxable income, and (2) that the deduction would be available to both nonitemizers and itemizers.

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			wage" limit would be phased in for individuals with taxable income exceeding these amounts. Deduction would apply to taxpayers with income from specified service businesses whose taxable income does not exceed $500,000 for married individuals filing jointly or $250,000 for other individuals (indexed for inflation). Special income phase-out rules would apply. The deduction would expire after Dec. 31, 2025.	Trusts and estates would be eligible for the 20% deduction. Rules similar to the rules under present-law section 199 would apply for apportioning between fiduciaries and beneficiaries any W-2 wages and unadjusted basis of qualified property under the limitation based on W-2 wages and capital. Special rules would apply to specified agricultural or horticultural cooperatives permitting the cooperative a deduction. § 11011