

**The Tax Cuts and Jobs Act of 2017  
 A Comparison of Key  
 Provisions of the House, Senate and the Conference Committee Compromise**

**Individual Income Taxes**

	<b>Current Law</b>	<b>House Bill</b>	<b>Senate Bill</b>	<b>Final (Anticipated New Law)</b>
<b>Individual Tax Rates</b>	Seven brackets: 10%, 15%, 25%, 28%, 33%, 35% and 39.6%	Four brackets: 12%, 25%, 35%, and 39.6%; includes a "bubble rate" of 45.6%	Seven brackets: 10%, 12%, 22%, 24%, 32%, 35% and 38.5%	<b>Seven brackets: 10%, 12%, 22%, 24%, 32%, 35% and 37%</b>
<b>Individual Alternative Minimum Tax (AMT)</b>	Limits certain tax benefits for higher income earners	Eliminates AMT	Retains AMT	<b>Retains the AMT with higher exemption and threshold for phase-out of exemption</b>
<b>Standard Deduction</b>	Single: \$6,350 Married: \$12,700	Single: \$12,000 Married: \$24,000	Single: \$12,000 Married: \$24,000	<b>Single: \$12,000 Married: \$24,000</b>
<b>Personal and Dependency Exemptions</b>	\$4,050 for each exemption	Eliminated	Eliminated	<b>Eliminated</b>
<b>Mortgage Interest Deduction</b>	Limited to \$1M acquisition debt	Capped at \$500K.	Retains current cap of \$1M.	<b>Capped at \$750K</b>
<b>State and Local Tax Income Deduction (SALT)</b>	Income and property tax are fully deductible for itemizers	Repeals SALT deduction for income taxes; caps property tax deduction at \$10K	Repeals SALT deduction for income taxes; caps property tax deduction at \$10K	<b>Caps the deduction at \$10K and allows deduction of property tax plus either income tax or sales tax</b>
<b>Capital Gains Exemption on Sale of Primary Residence</b>	Must own and use residence for at least two of five years prior to sale.	Must own and use residence for at least five of the eight years prior to sale. Income limits apply.	Must own and use for at least five of the eight years prior to sale. No income limits apply.	<b>No change. Current law (two out of five years) remains in effect.</b>
<b>Alimony</b>	Taxable to recipient and deductible by payor	No change, same as current law	Not taxable to recipient and not deductible by payor	<b>Not taxable to recipient and not deductible by payor</b>
<b>IRA/Roth IRA conversion</b>	Limited to one conversion per year	Conversion no longer permitted	Conversion no longer permitted	<b>Conversion no longer permitted</b>
<b>1031 Like-Kind Exchanges</b>	Limited to real and tangible property.	Limited to real property assets.	Limited to real property assets.	<b>Limited to real property assets.</b>

<b>Child Tax Credit</b>	\$1,000 credit for each child; credit phased out at \$110K (joint return)	\$1,600 credit; \$300 credit for each parent and non-child dependent; credit phased out at \$230K (joint return)	\$2,000 credit; \$500 credit for non-minor child dependents; credits phased out at \$500K (joint return)	<b>\$2,000 credit; \$500 credit for non-minor child dependents; credits phased out at \$400K (joint return)</b>
<b>Obamacare Taxes</b>	Individual tax penalty for not having health insurance	No change	Repeal of individual mandate penalty ending tax for failing to have insurance	<b>Repeal of individual mandate penalty tax for failing to have health insurance</b>

### Estate Tax

	<b>Current Law</b>	<b>House Bill</b>	<b>Senate Bill</b>	<b>Final (Anticipated New Law)</b>
<b>Estate Tax</b>	40% tax on assets over \$5.49 million per person (\$5.6 million in 2018)	Immediately doubles exclusion and repeals the tax after 2024 (\$11.2 million or \$22.4 for a married couple)	Immediately doubles the basic exclusion (\$11.2 million or \$22.4 for a married couple); does not repeal the tax	<b>Immediately doubles the basic exclusion (\$11.2 million or \$22.4 for a married couple); does not repeal the tax</b>

### Tax Reform for Business Taxes

	<b>Current Law</b>	<b>House Bill</b>	<b>Senate Bill</b>	<b>Final (Anticipated New Law)</b>
<b>Corporate Tax Rate</b>	Federal corporate tax rate of 35%	Permanent and immediate tax rate reduction to 20% in 2018	Permanent tax rate reduction to 20% in 2019	<b>Permanent and immediate tax rate reduction to 21% in 2018</b>
<b>Corporate Alternative Minimum Tax (AMT)</b>	Repeals the corporate AMT	Retains the corporate AMT	Repeals the corporate AMT	<b>Repeals the corporate AMT</b>
<b>“Pass-through” Tax Treatment – Non – Service Businesses</b>	“Pass-through” income taxed at personal income tax rates	Maximum rate capped at 25%, 9% rate on first \$75K; income over 25% threshold subject to special rules that effectively raise the tax rate	Deduction allowed for 23% of “pass-through” income; no other preferential rate	<b>Deduction allowed for 20% of “pass-through” income. Certain limitations may reduce the benefit of the deduction. The deduction cannot exceed taxable income.</b>
<b>“Pass-through” Tax Treatment – Service Businesses</b>	“Pass-through” income taxed at personal income tax rates	No deduction allowed	Deduction only for taxpayers with taxable income not in excess of \$500,000 (joint filers) or \$250,000 (other filers)	<b>Deduction allowed for 20% of “pass-through” income; limited to first \$315K income for joint filers and \$157.5K for other filers, with the benefit completely phased-out at \$415,000 (joint filers) or \$207,500 (other filers)</b>

<b>Reduced Period for Depreciation of Real Property</b>	27.5 years for residential, 39 years for non-residential and 15 years for qualified leasehold improvements, etc.	No Change, same as current law	25 years for both residential and non-residential, and 15 years for qualified leasehold improvements, etc.	<b>Change in definition of qualified improvement property ONLY.</b>
<b>Section 179 Expensing</b>	Limit deduction to \$500K with investment limit of \$2M	Limit deduction to \$5M with investment limit of \$20M	Limit deduction to \$1M with investment limit of \$2.5M	<b>Limit deduction to \$1M with investment limit of \$2.5M</b>
<b>Bonus Depreciation</b>	50% through 2017, 40% for 2018 and 30% for 2019	100% through 2022	100% through 2022, 80% in 2023, 60% in 2024, 40% in 2025, and 20% in 2026	<b>100% through 2022, 80% in 2023, 60% in 2024, 40% in 2025, and 20% in 2026</b>
<b>Cash Method Accounting</b>	Average 3-years gross receipts of \$5M	Average 3-years gross receipts of \$25M	Average 3-years gross receipts of \$15M (\$25M for Family Corporations)	<b>Average 3-years gross receipts of \$25M</b>
<b>Accounting for Inventory</b>	Accrual method	Cash method with average 3-years gross receipts of \$25M, must confirm with books and records or financial statements	Cash method with average 3-years gross receipts of \$25M, must confirm with books and records or financial statements	<b>Cash method with average 3-years gross receipts of \$25M, must confirm with books and records or financial statements</b>
<b>Method of Accounting</b>	Based on all-events test	No Change	Book to tax conformity, except cash received in advance is taxable in year of receipt unless taxpayer elects otherwise	<b>No deferral of income beyond tax year recognized for audited financial statements. IRS will decide if to include Review and Compilation for such conformity</b>
<b>Net Operating Loss</b>	Full deduction, 2-yr carry back 20-yr carryforward	90% deduction, 1-yr carryback, unlimited carryforward	90% deduction, no carryback, unlimited carryforward	<b>80% deduction, no carryback, unlimited carryforward</b>
<b>Carried Interest</b>	More than 1-yr holding period for capital gain treatment	No Change	More than 3-yr holding period for capital gain treatment	<b>More than 3-yr holding period for capital gain treatment</b>

## International Business

	<b>Current Law</b>	<b>House Bill</b>	<b>enate Bill</b>	<b>Final (Anticipated New Law)</b>
<b><i>Participation Exemption System</i></b>	Taxes worldwide corporate profits, which can be deferred minus taxes paid elsewhere	Moves towards a territorial system that only taxes domestic profits; imposes a 10% international minimum tax and a 20% excise tax on certain transactions with foreign subsidiaries	Moves toward a participation exemption system. A full deduction for dividends received from foreign corporations, by U.S. corporate shareholder. Imposes a 10% tax on low-tax intangible income and a 12.5% tax on certain foreign intangible income	<b>Moves toward a participation exemption system. A full deduction for dividends received from foreign corporations, by U.S. corporate shareholder. Imposes current taxation on foreign and low-tax intangible income</b>
<b><i>Deemed Repatriation Tax</i></b>	Passive income tax at regular tax rates	14% on liquid assets, 7% on physical assets. Election to pay tax over 8 years.	Deduction that results in approx. 14.5% on liquid assets, 7.5% on physical assets. Election to pay tax over 8 years.	<b>Deduction that results in approx. 15% on liquid assets, 8% on non-liquid assets. Election to pay tax over 8 years.</b>