

Tax Bill Comparison

December 2017

Individual Taxes and Rates

Current Law

House Bill (Passed)

Senate Bill (Passed) (Many Senate provisions are not permanent)

2018 Tax Rates (Single)

Taxable Income Range	Rate
\$0 to \$9,525	10%
\$9,525 to \$38,700	15%
\$38,700 to \$93,700	25%
\$93,700 to \$195,450	28%
\$195,450 to \$424,950	33%
\$424,950 to \$426,700	35%
Over \$426,700	39.60%

Taxable Income Range	Rate
\$0 to \$45,000	12%
\$45,000 to \$200,000	25%
\$200,000 to \$500,000	35%
Over \$500,000	39.60%

Taxable Income Range	Rate
\$0 to \$9,525	10%
\$9,325 to \$38,700	12%
\$38,700 to \$70,000	22%
\$70,000 to \$160,000	24%
\$160,000 to \$200,000	32%
\$200,000 to \$500,000	35%
Over \$500,000	38.50%

2018 Tax Rates (Married Filing Joint)

Taxable Income Range	Rate
\$0 to \$19,050	10%
\$19,050 to \$77,400	15%
\$77,400 to \$156,150	25%
\$156,150 to \$237,950	28%
\$237,950 to \$424,950	33%
\$424,950 to \$480,050	35%
Over \$480,050	39.60%

Taxable Income Range	Rate
\$0 to \$90,000	12%
\$90,000 to \$260,000	25%
\$260,000 to \$1,000,000	35%
Over \$1,000,000	39.60%

Taxable Income Range	Rate
\$0 to \$19,050	10%
\$19,050 to \$77,400	12%
\$77,400 to \$140,000	22%
\$140,000 to \$320,000	24%
\$320,000 to \$400,000	32%
\$400,000 to \$1,000,000	35%
Over \$1,000,000	38.50%

2018 Tax Rates (Head of Household)

Taxable Income Range	Rate
\$0 to \$13,600	10%
\$13,600 to \$51,850	15%
\$51,850 to \$133,850	25%
\$133,850 to \$216,700	28%
\$216,700 to \$424,950	33%
\$424,950 to \$453,350	35%
Over \$453,350	39.60%

Taxable Income Range	Rate
\$0 to \$67,500	12%
\$67,500 to \$200,000	25%
\$200,000 to \$500,000	35%
Over \$500,000	39.60%
* The 12% tax bracket phases out for high-income taxpayers.	

Taxable Income Range	Rate
\$0 to \$13,600	10%
\$13,600 to \$51,800	12%
\$51,800 to \$70,000	22%
\$70,000 to \$160,000	24%
\$160,000 to \$200,000	32%
\$200,000 to \$500,000	35%
Over \$500,000	38.50%

Individual Taxes and Rates

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2018 Capital Gains/ Dividends Tax Rates (Single)

Taxable Income Range	Rate
\$0 to \$38,600	0%
\$38,600 to \$425,800	15%
Over \$425,800	20%

No change

No change

2018 Capital Gains/ Dividends Tax Rates (Married Filing Joint)

Taxable Income Range	Rate
\$0 to \$77,200	0%
\$77,200 to \$479,000	15%
Over \$479,000	20%

No change

No change

2018 Capital Gains/ Dividends Tax Rates (Head of Household)

Taxable Income Range	Rate
\$0 to \$51,700	0%
\$51,700 to \$452,400	15%
Over \$452,400	20%

No change

No change

Alternative Minimum Tax

Assessed at 26% or 28%

Eliminated

Increased exemption amount

Individual Deductions

Current Law

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2018 Personal Exemption

\$4,150 deduction for taxpayer, spouse, and each dependent

Eliminated

Eliminated

2018 Standard Deduction

\$6,500 Single
\$13,000 Married Filing Joint
\$9,550 Head of Household

\$12,200 Single
\$24,400 Married Filing Joint
\$18,300 Head of Household

\$12,000 Single
\$24,000 Married Filing Joint
\$18,000 Head of Household

2018 Itemized Deductions

Medical Expense Deduction

Medical expenses in excess of 10% of Adjusted Gross Income (AGI) are deductible.

Medical Expense Deduction

Eliminated

Medical Expense Deduction

Preserved

Mortgage Interest Deduction

Mortgage interest and home equity line interest is deductible. Interest is deductible on up to \$1,000,000 of mortgage debt and \$100,000 of home equity principal. Mortgage interest on a second home can be deducted.

Mortgage Interest Deduction

Interest is deductible on up to \$500,000 of mortgage debt for any debt incurred after 11.2.17. Interest on a second residence is not deductible nor is home equity line interest. Existing mortgages will remain subject to \$1,000,000 limitation.

Mortgage Interest Deduction

Elimination of home equity line interest deduction. Mortgage interest deduction, including limits and second residence, remain unchanged.

State & Local Tax Deduction

State and local income taxes (or if greater, sales taxes), real estate taxes, and personal property taxes are deductible.

State & Local Tax Deduction

Only property taxes up to \$10,000 are deductible.

State & Local Tax Deduction

Eliminated (property taxes paid in an income-producing activity will still remain deductible).

Miscellaneous Deductions

Excess miscellaneous deductions above a 2% AGI threshold are deductible.

Miscellaneous Deductions

Many miscellaneous deductions are eliminated, including unreimbursed business expenses, tax preparation fees.

Miscellaneous Deductions

Eliminated

Individual Credits

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Child Tax Credit

Taxpayers can claim a \$1,000 tax credit children under 17, with phaseouts starting at \$75,000 (single) and \$110,000 (joint).

Taxpayers with children under 17 are eligible for a \$1,600 credit. A \$300 credit is available for children over 17 and non-child dependents. Both these credits phase out for joint taxpayers earning over \$230,000 and single taxpayers earning over \$115,000.

Taxpayers with children under 18 are eligible for a \$2,000 credit. A \$500 credit is available for non-child dependents. These credits phase out for taxpayers earning over \$500,000.

Education Credit

Hope Scholarship Credit & American Opportunity Credit are designed for students in their first four years of university. The Lifetime Learning Credit is designed for any student attending university.

The Hope Scholarship Credit and Lifetime Learning Credit will be eliminated. The American Opportunity Credit will be available for a fifth year of education, but at half the rate.

Not addressed.

Business Taxes and Rates

Current Law

House Bill (Passed)

Senate Bill (Passed)
(Many Senate provisions are not permanent)

Corporate Tax Rate

35%

20%

20%

Pass-Through Tax Rate

Consistent with individual rates

25% maximum tax rate on business income. Two options exist for allocation between wages and business income: 1.) standard wage income will be 70% of total pass-through income and standard business income allocation will be 30% of total pass-through income. 2) pass-through owners can determine ratio of business income to wage income based on capital investment. Business income will receive a preferential rate of 9% versus 12% for the first \$75,000 of net business income for a couple filing joint.

Same as individual rates, however, the taxpayer will receive a deduction equal to 23% of the pass-through's net income. The 23% deduction is limited to 50% of the taxpayer's W-2 wages paid by the partnership, s-corp, or sole proprietorship.

Corporate Alternative Minimum Tax

20%

Eliminated

No change

Business Deductions

Current Law

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Bonus Depreciation

2018 bonus depreciation on qualifying property of 40%.

100% bonus depreciation for qualifying property placed into service between 9.27.2017 and 12.31.2022 with reductions afterward.

100% bonus depreciation for qualifying property placed into service between 9.27.2017 and 12.31.2022 with reductions afterward.

Sec. 179 Depreciation

\$500,000 of qualifying property (indexed to inflation) eligible to expense.

From 2018 to 2022, business are eligible to expense up to \$5,000,000 in qualifying property.

From 2018 to 2022, business are eligible to expense up to \$1,000,000 in qualifying property.

Net Operating Loss Deduction

Taxpayers can deduct NOL carryovers or carrybacks up to 100% of taxable income. An NOL can be carried back two years or forward 20 years.

Taxpayers can deduct NOL carryovers or carrybacks up to 90% of taxable income. In addition, carrybacks will be repealed and carryforwards will carry forward indefinitely.

Taxpayers can deduct NOL carryovers or carrybacks up to 90% of taxable income (80% after 12.31.2022) . In addition, carrybacks will be repealed and carryforwards will carry forward indefinitely.

Entertainment Expenses

Businesses can deduct 50% of meals & entertainment.

Deductions for entertainment, amusement, or recreation will no longer be deductible.

Deductions for entertainment, amusement, or recreation will no longer be deductible.

Interest

Interest is fully deductible.

Net interest expense in excess of 30% of a business's adjusted taxable income would be limited. This provision does not apply for business with gross receipts less than \$25M.

Net interest expense in excess of 30% of a business's adjusted taxable income would be limited. This provision does not apply for business with gross receipts less than \$15M.

Estate and Gift Taxes and Rates

Current Law

House Bill (Passed)

Senate Bill (Passed) (Many Senate provisions are not permanent)

Estate & Gift Tax Rate

2018 federal estate and gift tax exclusions set at \$5,600,000.

Increased federal estate and gift tax exclusion to \$10,000,000 (adjusted with inflation) for those dying and gifts made after 2017. The federal estate tax is repealed for those dying after 2024. The federal gift tax rate is lowered from 40% to 35% for gifts made after 2024.

Increased federal estate and gift tax exclusion to \$10,000,000 (adjusted with inflation) for those dying and gifts made after 2017 and before 2026. The federal estate tax is not repealed.

Generation-Skipping Transfer Tax

2018 GST tax exclusion set at \$5,600,000.

Increased federal GST exclusion to \$10,000,000 (adjusted with inflation) for generation-skipping transfers made after 2017. The federal generation-skipping transfer tax will be repealed for transfers made after 2024.

Increased federal GST exclusion to \$10,000,000 (adjusted with inflation) for generation-skipping transfers made after 2017 and before 2026. The federal generation-skipping transfer tax will not be repealed.