TAX CUTS AND JOB ACT

Changes to come from Republican tax reform bill

PROVISION	CURRENT LAW	NEW LAW
Individual Tax Rates	Seven brackets: 10%, 15%, 25%, 28%, 33%, 35%, 39.6%	Seven brackets: 10%, 12%, 22%, 24%, 32%, 35%, 37%
Standard Deduction	Single: $6,350 Married: $12,700	Single: $12,000 Married: $24,000
State and Local Tax Deduction (SALT)	Income or sales and property SALTs are fully deductible for itemizers	Caps SALT deduction at $10k
Child Tax Credit	$1,000 credit for each child; credits phased out at $110k (married)	$2000 credit, $500 credit for non-minor child dependents; credits phased out at $400k (married)
Mortgage Interest Deduction	Interest paid on up to $1 million of mortgage debt is deductible	Threshold lowered to $750k for new mortgages
"Pass-through" Tax Treatment	"Pass-through" income taxed at personal income-tax rates	Deduction allowed for 20% of qualifying "pass-through" income; denied to service industry over $315k (married)
Corporate Tax Rate	Federal corporate tax rate of 35%	Permanent and immediate tax-rate reduction to 21%
Expensing	Complicated rules for deducting business expenses over many years	Five years of expensing for new equipment; phased out after year five; expanded expensing for small businesses
International Tax Rules	Taxes worldwide corporate profits which can be deferred minus taxes paid elsewhere	Moves towards a territorial system; adds new anti-base erosion taxes
Repatriation Tax	N/A	15.5% on liquid assets, 8% on physical assets
Obamacare Taxes	3.8% net investment income tax; individual mandate tax penalty; 0.9% Medicare payroll tax	Repeals individual mandate
Estate Tax	40% tax on assets over $5.6 million per person	Immediately doubles the basic exclusion; does not repeal the tax
Education	Two different education savings plans and seven other education incentives	Expanded 529 savings plans to include K-12 expenses
Alternative Minimum Tax (AMT)	Second, parallel tax system for certain businesses and individuals	Repeals corporate AMT; maintains individual AMT and increases the exemption