



# THE PATH TO PRO-GROWTH TAX REFORM

PREPARED FOR U.S. CHAMBER FEDERATION MEMBERS

## TAX CUTS AND JOBS ACT - FINAL BILL

### KEY PROVISIONS

#### BUSINESS

# 21% RATE

Top corporate tax rate, effective 1/1/18.

# 20% DEDUCTION

Deduction for pass-through business (S-Corps, Partnerships, LLC, Sole Proprietorships).

# 5 YEARS

Immediate expensing of capital investments for 5 years.

- ▶ Reduces top pass through tax rate to 37%.
- ▶ Move to a territorial tax system – ending worldwide system that encouraged companies to locate abroad.
- ▶ Repeals corporate alternative minimum tax (AMT).

#### PERSONAL

# \$12,000

Increases the standard deduction from \$6,350 for a single filer.

# \$24,000

Increases the standard deduction from \$12,700 for a joint filer.

# \$2,000

Increases the child tax credit from \$1,000 per child.

### NEW INDIVIDUAL TAX RATES EFFECTIVE 1/1/18:

INCOME WHERE TAX RATE STARTS (2017)		CURRENT TAX RATE	NEW TAX RATE	INCOME WHERE TAX RATE STARTS (2018)	
SINGLE	JOINT			SINGLE	JOINT
\$0	\$0	10%	10%	\$0	\$0
\$9,325	\$18,650	15%	12%	\$9,525	\$19,050
\$37,950	\$75,900	25%	22%	\$38,700	\$77,400
\$91,900	\$153,100	28%	24%	\$82,500	\$165,000
\$191,650	\$233,350	33%	32%	\$157,500	\$315,000
\$416,700	\$416,700	35%	35%	\$200,000	\$400,000
\$418,400	\$470,700	39.6%	37%	\$500,000	\$600,000



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### WHAT'S IN / WHAT'S OUT

ISSUE	STATUS	DESCRIPTION
State and Local Tax Deduction	Retained w/ modifications	Deduction limited to the first \$10,000 in taxes paid for property, income, or sales taxes
Mortgage Interest Deduction	Retained w/ modification	Currently limited to first \$1 million in mortgages; going forward limited to first \$750,000
Medical Expense Deductibility	Retained w/ modification	Deduction is available for expenses exceeding 7.5% of AGI in 2018 and 2019
Student Loan Interest Deductibility	Retained	Student loan interest remains deductible
Graduate Student Tuition Waivers	Remains tax free	Graduate student tuition remains tax free
Death Tax	Retained w/ modification	Doubles the basic exclusion from \$5 million to \$10 million
New Market Tax Credit	Retained	The bill does not eliminate the credit
Private Activity Bonds (PABs)	Retained	The bill does not eliminate PABs
Rehabilitation Tax Credit	Retained w/ modifications	Modifications relates to pre 1936 structures and allocation of credit over 5 years

### WHAT HAPPENS NEXT



## BIGGER PAYCHECKS

Early next year the IRS will revise the withholding tables to reflect the new tax rates. Once employers implement this change, which could be as early as February, most employees will see more money.

## IMPLEMENTATION

Many of the more technical provisions require the Treasury Department to issue new rules and guidance over months and sometimes years, but initial guidance on which taxpayers can rely is expected to be issued fairly quickly.

