

BLOG POST

New Tax Plan Comparison Chart

November 13, 2017

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Tax Plan Comparison Chart			 PRG POLICY RESOLUTION GROUP	BRACEWELL
Tax Types		H.R. 1, The Tax Cuts and Jobs Act	Senate TCJA	
Individual	Rates (MFJ)	12% \$0 - \$90,000 25% \$90,000 - \$260,000 35% \$260,000 - \$1,000,000 39.6%* \$1M + * 12 percent bracket phases out over \$1M	10% \$0 - \$19,049 12% \$19,050 - \$77,399 22.5% \$77,400 - \$119,999 25% \$120,000 - \$289,999 32.5% \$290,000 - \$389,999 35% \$390,000 - \$999,999 38.5% \$1M +	
	AMT	Repealed	Repealed	
	Standard Deduction	Increased to \$12,000 for individuals, \$24,000 for married filing jointly	Increased to \$12,000 for individuals, \$24,000 for married filing jointly	
	State and Local Tax (SALT)	Preserves deduction for property tax up to \$10,000	Fully repealed	
	Mortgage Interest	Deductible up to \$500,000; Home equity deduction repealed; Interest from second home deduction repealed	Deductible up to \$1M; Home equity deduction repealed	
	Estate Tax	Estate tax exclusion doubled from current level to \$10.98M* for 5 years (40 percent rate retained), then estate and GST tax fully repealed after 2023; Stepped-up basis retained; Gift tax exclusion raised to \$10M, rate lowered to 35% *Indexed to inflation from 2011	Estate and gift tax exclusion doubled from current level to \$10.98M*. *Indexed to inflation from 2011	

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Tax Types		H.R. 1, The Tax Cuts and Jobs Act	Senate TCJA
Business	Corporate Rate	20% beginning 1/1/2018 (25% for Personal Service Corporations)	20% beginning 1/1/2019
	Pass-Through Treatment	Capped at 25% for passive shareholders; Income for active shareholders above 25% defaults to 70% ordinary income and 30% to 25% rate cap; Alternative “return on investment” calculation available if depreciable capital times Federal short-term rate plus 7 percent exceeds 30% net business income; First \$75,000 of net business income taxed at special 9 percent rate for owners with less than \$150,000 in taxable income, then phases out up to \$225,000. Special rate phased in over 5 years.	17.4% deduction on pass-through income; Deduction not allowed for reasonable compensation paid to S-Corp owners; Limited to half of W-2 wages; Effective top marginal rate on pass-through income of 31.8% Excess business losses disallowed. Excess loss is aggregate deductions of the taxpayer attributable to trades or businesses of the taxpayer, over the sum of aggregate gross income or gain of the taxpayer plus \$500,000 (MFJ) or \$250,000 (Ind)
	Interest Deduction	Limited to 30% of EBITDA (over \$25M gross receipts) OR 110% of int’l reporting group’s net interest expense * US corporation’s share of EBITDA	Limited to 30% of EBIT (over \$15M gross receipts) OR 110% of US corporation’s debt if it were equal to group’s worldwide debt-to-equity ratio
	Expensing	Temporary full expensing for property currently eligible for bonus depreciation for 5 years	Temporary full expensing for property currently eligible for bonus depreciation for 5 years
	Section 179	Increased to \$5M (through 2022)	Increased to \$1M
	Cash Accounting	Available to C-Corps and Pass-Throughs with up to \$25M in gross receipts, including inventories	Available to C-Corps and Pass-Throughs with up to \$15M in gross receipts, including inventories
	Like-Kind Exchanges (LKE)	LKEs only for real property. Equipment disallowed.	LKEs only for real property. Equipment disallowed.
	AMT	Repealed	Repealed
	Net Operating Losses (NOLs)	Follows AMT rule for NOLs to be carried forward indefinitely. Deduction of NOLs limited to 90% of current year taxable income; NOL carrybacks eliminated, except for one-year carrybacks for certain disaster losses.	Follows AMT rule for NOLs to be carried forward indefinitely. Deduction of NOLs limited to 90% of current year taxable income; NOL carrybacks eliminated, except for one-year carrybacks for certain disaster losses.
	LIFO	Retained	Retained
	Domestic Production Activities Deduction	Repealed (2018)	Repealed (2019)
	Public Finance	Private Activity Bonds (PABs) terminated; Advanced refundings repealed	Advanced refundings repealed; PABs retained
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International	Repatriation	14% rate for cash profits (or equivalents) held offshore; 7% for non-cash assets Payable over 8 years	10% rate for cash profits (or equivalents) held offshore; 5% for non-cash assets Payable over 8 years
	Minimum Tax	20% tax on half of “foreign high returns”	12.5% minimum tax on intangible foreign income
	Base Erosion	20% excise tax on large (\$100M+) payments to related foreign parties	10% minimum tax on “base erosion payments”

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Tax Types		H.R. 1, The Tax Cuts and Jobs Act	Senate TCJA
Energy	Orphans	Reinstated to terms of 2015 phase-out deal	No changes (expired by default)
	Nuclear	Lifts placed-in-service sunset date for unutilized capacity	No changes
	PTC/ITC	Eliminates inflation adjustment for PTC; Modifies definition of continuous construction (effectively repealing 5% safe harbor)	No changes
	Electric Vehicles	EV credit repealed	No changes