

Individual Income Taxes								
Provision	Current Law				Conference Report			
Individual Income Tax Rates and Brackets	Seven-bracket progressive rate income tax with a top marginal rate of 39.6 percent.				Retains seven brackets, but at reduced rates, including a top marginal rate of 37 percent. Provisions sunset at end of 2025.			
	Rate	Single	HoH	Joint	Rate	Single	HoH	Joint
	10% >	\$0	\$0	\$0	10% >	\$0	\$0	\$0
	15% >	\$9,525	\$13,600	\$19,050	12% >	\$9,525	\$13,600	\$19,050
	25% >	\$38,700	\$51,800	\$77,400	22% >	\$38,700	\$51,800	\$77,400
	28% >	\$93,700	\$133,850	\$156,150	24% >	\$82,500	\$82,500	\$165,000
	33% >	\$195,450	\$216,700	\$237,950	32% >	\$157,500	\$157,500	\$315,000
	35% >	\$424,950	\$424,950	\$424,950	35% >	\$200,000	\$200,000	\$400,000
	39.6% >	\$426,700	\$453,350	\$480,050	37% >	\$500,000	\$500,000	\$600,000
Indexing Provisions	Individual income tax provisions indexed to the Traditional CPI measure of inflation.				Individual income tax provisions indexed to the Chained CPI measure of inflation.			
Standard Deduction	Standard deduction of \$6,500 for single filers, \$9,550 for heads of household, and \$13,000 for joint filers. The current code also offers a \$4,150 per-person standard deduction along with an additional standard deduction of \$1,300 for the aged or blind (\$1,600 if unmarried).				Increases the standard deduction to \$12,000 for single filers, \$18,000 for heads of household, and \$24,000 for joint filers. Provisions sunset at the end of 2025. The additional standard deduction of \$1,300 for the aged or blind (\$1,600 if unmarried) remains.			
Personal and Dependency Exemption	Provides for a \$4,150 (in 2018) deduction for each taxpayer and dependent.				Eliminates the personal exemptions.			

<p>Above the Line Deductions</p>	<p>Provides a range of above-the-line deductions which can be claimed regardless of whether a filer itemizes.</p>	<p>Repeals the moving expense deduction (including employer-provided reimbursements, except for active duty military personnel) and eliminates the alimony deduction effective 2019 (though those receiving alimony no longer count it as income). Retains other above-the-line deductions, including \$250 of educator expenses and student loan interest. Graduate student tuition waivers – also known as qualified tuition reduction (QTR) – also remain in place.</p>
<p>Itemized Deductions</p>	<p>Offers a list of itemized deductions, claimable in place of the standard deduction. The mortgage interest deduction is currently limited to \$1 million in mortgage debt and \$100,000 in home equity debt.</p> <p>Itemized deductions are limited for those earning more than \$320,000.</p>	<p>Retains the charitable contribution deduction and increases the limit to 60% of AGI. Also retains the mortgage interest deduction for acquisition, but limited (for purchases after December 15, 2017) to \$750,000 in mortgage debt, while eliminating the deduction for home equity debt (including debt assumed prior to 2018). Caps the state and local tax deduction at \$10,000 (property plus choice of income or sales taxes, as under current law), except for taxes paid or accrued in carrying on a trade or business. The medical expense deduction threshold is lowered to 7.5 percent for 2017 and 2018, and reverts to 10 percent thereafter. Eliminates other itemized deductions, including tax preparation fees, union dues, memberships and unreimbursed</p>

		employee expenses. Repeals the limitations on itemized deductions.
Fringe Benefits	Employers can deduct 50% of qualified meals and entertainment expenses and can deduct employee fringe benefits such as transportation, athletic facilities and gyms, employer provided housing and meals, and gifts.	Disallows the deduction for entertainment expenses, transportation, membership dues and athletic facilities. The 50% limitation will apply to all meals, including meals that are furnished for the convenience of the employer. Offers a new employer credit to claim a business credit for 12.5% of wages paid to employees on family or medical leave.
Child and Family Tax Credits	Partially refundable \$1,000 child tax credit for the first two children, with a less generous Additional Child Credit for third and subsequent children. Provisions begin to phase out at \$110,000 (\$75,000 for single filers).	Increases the child tax credit to \$2,000. Of this, \$1,400 would be refundable, with the refundable portion indexed to inflation. All dependents ineligible for the child tax credit are eligible for a new \$500 per-person family tax credit. Provisions begin to phase out at \$400,000 (\$200,000 for single filers). Social Security Numbers required for portions of the above. All provisions sunset at the end of 2025.
Carried Interest	Partnership interests received in the connection with the performance of services generally qualifies for long-term capital gain treatment.	Increases the holding period requirement to qualify for long-term capital gain treatment to 3 years.

Alternative Minimum Tax	Imposes a two-rate alternative minimum tax (AMT) with an \$86,200 exemption and a \$164,100 exemption phaseout for joint filers. (Other exemptions and phaseout thresholds exist for single filers and married filing separately.) Under the AMT, the standard deduction, personal exemption, and state and local tax deduction are disallowed (among others), the mortgage interest deduction is limited to first and second residences, and certain other deductions (including the medical expense deduction) are limited.	Increases the exemption to \$109,400 and raises the phaseout threshold to \$1 million for joint filers. (Other exemptions and phaseout thresholds exist for single filers and married filing separately, and are also adjusted.)
529 Deduction	Allows a deduction for deposits into a 529 account for college tuition and expenses.	Expands the use of 529 accounts to cover up to \$10,000 of tuition for students in K-12 private schools.
Business Taxes		
Provision	Current Law	Conference Report
Corporate Tax Rate	Multi-bracket corporate income tax structure with a top marginal rate of 35 percent and a bubble rate of 39 percent.	Single-rate 21 percent corporate income tax.

Treatment of Pass-Through Income	Subject to individual income tax rates and brackets.	Adopts a 20 percent deduction for pass-through income, limited to the greater of (a) 50 percent of wage income or (b) 25 percent of wage income plus 2.5 percent of the cost of tangible depreciable property for qualifying businesses, including publicly traded partnerships but not including certain service providers. Limitations (both caps and exclusions) do not apply for those with incomes below \$315,000 (joint), and phase out over a \$100,000 range.
Capital Investment	In relevant part, allows 50 percent bonus depreciation of short-lived capital investment, such as new machinery and equipment, through 2020, and offers Section 179 small business expensing with a cap of \$500,000 and a phaseout beginning at \$2 million.	Allows full (100 percent) expensing of short-lived capital investment, such as new and used machinery and equipment, for five years, then phases out the provision over the subsequent five, and raises Section 179 small business expensing cap to \$1 million with a phaseout starting at \$2.5 million.
Alternative Minimum Tax	Applies a 20 percent tax rate to a more broadly defined alternative definition of income.	Corporate AMT is repealed.
Tax Treatment of Interest	Allows a full deduction for interest paid (with no cap).	Caps net interest deduction at 30 percent of earnings before interest, taxes, depreciation, and amortization (EBITDA) for four years, and 30 percent of earnings before interest and taxes (EBIT) thereafter.

Net Operating Loss (NOL) Provisions	Generally, net operating losses can be carried back two years or forward twenty years, with no limits with regard to taxable income.	Eliminates net operating loss carrybacks while providing indefinite net operating loss carryforwards, limited to 80 percent of taxable income.
Cash Accounting	Businesses with less than \$5 million in income may elect to use the cash method of accounting. Business with inventories with average annual gross receipts of less than \$1 million may elect to use the cash method of accounting.	Increases eligibility to businesses with up to \$25 million (including businesses with inventory) in income.
Business Credits and Deductions	Provides a range of business credits and deductions.	Modifies, but does not eliminate, the rehabilitation credit and the orphan drug credit, while limiting the deduction for FDIC premiums. Amortizes the Research & Experimentation Credit after 2021.
International Income	Imposes a worldwide system of taxation.	Moves to a territorial system with anti-abuse rules and a base erosion anti-abuse tax (BEAT) at a standard rate of 5 percent of modified taxable income over an amount equal to regular tax liability for the first year, then 10 percent through 2025 and 12.5 percent thereafter, with higher rates for banks.
Deemed Repatriation	Not applicable.	Enacts deemed repatriation of currently deferred foreign profits at a rate of 15.5 percent for liquid assets and 8.0 percent for illiquid assets.

Other Taxes		
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Estate Tax	\$5.6 million estate tax exemption for estate, gift and GST taxes, adjusted annually for inflation.	Doubles the estate tax exemption in 2018 for estate, gift and GST taxes (would continue to be adjusted for inflation, now C-CPI).
Individual Mandate Penalty	Imposes a penalty of \$695 or 2.5 percent of income (with a deduction), whichever is higher, to those who forgo health insurance.	Reduces the individual mandate penalty to \$0 in 2019, effectively repealing it.
Tax Planning		
Roth&Co has identified the following tax planning opportunities for your 2017 taxes:		
Deferring Income	Deferring income is always a tax planning strategy but is even more important this year in order to take advantage of reduces rates, a new deduction for flow-through entities and expanded limits for cash and construction accounting.	
Accelerating Expenses	It is more essential than ever to speed up the recognition of expenses, especially employee reimbursements, research costs, and other deductions which may not be deductible in 2018.	
Bunching Deductions	It would be wise to bunch your itemized deductions this year if you will be utilizing the expanded standard deduction in 2018. This includes a doctor's visit, charitable giving, and the prepayment of property tax, dues and memberships, and tax preparer fees.	
Pay Off Your Home Equity Loan	Pay off your home equity loan now in order to deduct the interest.	
Move to Your New Home	If you plan on moving and qualify for the moving expense deduction, move before year-end.	
Close on Your New Home	If you entered into contract to purchase a new home prior to December 15 th and expect your mortgage to exceed \$750,000, close before April 1 st in order to qualify for the original mortgage interest deduction.	