THE TAX CUTS AND JOBS ACT

House and Senate Comparison

Families and Individuals

Provision	House	Senate
Rates	Four brackets at 12%, 25%, 35% and 39.6%	Seven brackets at 10%, 12%, 22%, 24%, 32%, 35%, and 38.5%
Family Provisions	Standard deduction at $12,200 (single) and $24,400 (married)	Standard deduction at $12,000 (single) and $24,000 (married)
	Repeal personal exemptions	Repeal personal exemptions
	$1,600 child tax credit, phases out at $115,000 (single) /$230,000 (married)	$2,000 child tax credit, phases out at $500,000 for all taxpayers
	$300 credit for taxpayer, spouse, and non-child dependents	$500 credit for non-child dependents No credits for taxpayer and spouse
Itemized Deductions	Deduction for up to $10,000 of state and local property taxes	Deduction for up to $10,000 of state and local property taxes
	Mortgage interest deduction modified to cover principal residences of up to $500,000 and eliminate coverage of interest on second homes and home equity lines	Mortgage interest deduction modified to eliminate coverage of interest on home equity lines.
	Medical expense deduction eliminated	Medical expense deduction retained
	Personal casualty loss deduction generally repealed	Personal casualty loss deduction generally repealed
	Charitable contribution deduction expanded	Charitable contribution deduction expanded
Alternative Minimum Tax	Repealed	Retained, with exemption amount increased
Estate Tax	Exemption doubled from 2018 through 2024. Repealed after 2024	Exemption doubled
	Estate tax repealed after 2024	
Individual Mandate	No change	Repealed
Pass-through Business Income	25% maximum tax rate on qualified business income	Deduction for maximum of 23% of qualified business income
	9% rate on first $75,000 in taxable income	Disallowance of net business losses above $500,000
Permanence	Individual provisions generally permanent	Individual provisions generally sunset after 2025 (except for provisions related to repeal of individual mandate and measurement of inflation adjustments)

Businesses

Provision	House	Senate
Corporate Rate	20%, effective in 2018	20%, effective in 2019
Alternative Minimum Tax	Repealed, with refund mechanism for existing AMT credits	Retained
Business Interest Limitation	30% of EBITDA limitation on interest deductions	30% of EBIT limitation on interest deductions
	With exemptions provided for: • Small Business (up to $25 million of gross receipts) • Regulated Public Utilities • Real Estate Businesses • Businesses with Floor Plan Lending	Exemptions provided for: • Small Business (up to $15 million of gross receipts) • Regulated Public Utilities • Real Estate Businesses and Farms • Businesses with Floor Plan Lending
Simplified Accounting Rules for Small Businesses	Businesses with up to $25 million of gross receipts permitted to use simpler accounting methods and rules, including cash method of accounting	Same relief, but for businesses with up to $15 million of gross receipts
Full Expensing of Business Assets	100% expensing, applies to new and used assets	100% expensing, only applies to new assets
	Applies for 5 years	Applies for 5 years, with a phase down over the next 4 years
Expansion of Section 179 Expensing	Full expensing for up to $5 million in assets	Full expensing for up to $1 million in assets
	Applies for 5 years	Permanent
Net Operating Losses (NOL)	NOL deduction limited to 90% of income	NOL deduction limited to 90% of income (limited to 80% beginning in 2023)
	Indefinite carryforward, no carrybacks	Indefinite carryforward, no carrybacks
	NOL carryfowards increased by interest factor	No interest on carryforwards
Like-kind Exchanges	Limited to real property	Limited to real property
Research and Development Credit	Retained	Retained
Low Income Housing Tax Credit	Retained	Retained and modified
Rehabilitation Tax Credit	Repealed	Retained but scaled back
Orphan Drug Credit	Repealed	Retained but scaled back

International

Provision	House	Senate
Territoriality	100% dividends received deduction	100% dividends received deduction
Deemed repatriation	Tax rate of 7% for earnings invested in business assets and 14% for earnings held in liquid assets	Tax rates of 7.5% and 14.5%
Outbound Base Erosion	Imposition of U.S. tax at 10% rate on certain high-return income earned through a foreign subsidiary, reduced by foreign tax credit	Similar provisions, with broader rate and with increase in tax rate to 12.5% after 2025
		Reduced U.S. tax rate on certain foreign sales and services income
Inbound Base Erosion	20% net basis tax on foreign affiliates receiving outbound deductible payments from U.S. affiliates (gross basis tax on U.S affiliates if election not made)	10% gross basis tax on outbound deductible payments to foreign affiliates from U.S. affiliates (11% for banks and securities dealers), with tax rate increasing to 12.5% (13.5%) beginning after 2025
	Exception for interest payments	Exception for payments for goods
	Foreign tax credit provided	Can result in disallowance of benefit of business credits
Worldwide Interest Limitation	Limitation on excess interest deductions in the United States determined based on U.S. and worldwide earnings ratios	Limitation on excess interest deductions in the United States determined based on U.S. and worldwide asset ratios

Tax-Exempt Entities

Provision	House	Senate
Accountability	Improvements in accountability measures	Improvements in accountability measures
Johnson Amendment	Repeal of Johnson Amendment	No change