

## KEY DIFFERENCES BETWEEN CURRENT LAW, HOUSE, SENATE, AND FINAL GOP TAX BILLS

PERSONAL TAXES	CURRENT LAW	HOUSE-PASSED BILL	SENATE-PASSED BILL	FINAL BILL
<b>Tax Brackets</b>	Seven brackets with rates of 10%, 15%, 25%, 28%, 33%, 35%, and 39.6%	Four brackets with rates of 12%, 25%, 35%, and 39.6%	Seven brackets with rates of 10%, 12%, 22%, 24%, 32%, 35%, and 38.5%, expires after 2025	Seven brackets with rates of 10%, 12%, 22%, 24%, 32%, 35%, and 37%, expires after 2025
<b>Standard Deduction</b>	\$6,350 / \$12,700 (singles/couples)	\$12,200 / \$24,000 (singles/couples)	\$12,000 / \$24,000 (singles/couples), expires after 2025	\$12,000 / \$24,000 (singles/couples), expires after 2025
<b>Personal Exemption</b>	\$4,150 per taxpayer and dependent	Eliminates	Eliminates, expires after 2025	Eliminates, expires after 2025
<b>Individual Alternative Minimum Tax (AMT)</b>	Exemption set to \$54,300 for individuals and \$84,500 for joint filers	Eliminates	Exemption set to \$70,300 for individuals and \$109,400 for joint filers, with phaseout thresholds increased to \$156,300 for individuals and \$208,400 for joint filers, expires after 2025	Exemption set to \$70,300 for individuals and \$109,400 for joint filers, with phaseout thresholds increased to \$500,000 for individuals and \$1 million for joint filers, expires after 2025
<b>Child Tax Credit</b>	\$1,000 (15% of earnings over \$3,000 refundable)	\$1,600 (no change to refundable portion)	\$2,000 (15% of earnings over \$2,500, up to \$1,100 per qualifying child, refundable), expires after 2025	\$2,000 (up to \$1,400 refundable), expires after 2025
<b>Family Tax Credit</b>	None	\$300 for each taxpayer (both spouses) and other non-child dependents, expires after 2022	\$500 for non-child dependents, expires after 2025	\$500 for non-child dependents, expires after 2025
<b>Credits Phase Out Starting At</b>	\$75,000 / \$110,000 (singles/couples)	\$115,000 / \$230,000 (singles/couples)	\$500,000, expires after 2025	\$200,000 / \$400,000 (singles/couples)

CORPORATE TAXES	CURRENT LAW	HOUSE-PASSED BILL	SENATE-PASSED BILL	FINAL BILL
<b>Corporate Income Tax</b>	35%	20% starting in 2018	20% starting in 2019	21% starting in 2018
<b>Corporate Alternative Minimum Tax (AMT)</b>	Alternative income tax calculation for businesses	Eliminates	No change	Eliminates
<b>“Pass-Through” Income</b>	Taxed at individual income rates	Owners would pay up to 25% on “Business Income” and those “actively involved” would pay individual rates on 70% of income and 25% on the remaining income (exceptions apply)	Allow owners to deduct up to 23% for certain pass-through income (exceptions apply)	Owners can deduct up to 20% for certain pass-through income, subject to limitations starting at \$315,000 of income for couples
<b>Depreciation of Business Assets</b>	Allows for depreciation of capital expenditures over varying time frames	Immediate expensing of capital expenditures over five years, except buildings	Immediate full expensing for five years followed by five-year phase out	Immediate full expensing for five years followed by five-year phase out
<b>“Private Activity” Bonds</b>	Issued tax free	Eliminates	No change	No change
<b>Orphan Drug Tax Credit</b>	Credit for 50% of qualified testing expenses	Eliminates	Reduces credit rate to 27.5%	Reduces credit rate to 25%

\*Note: “No Change” indicates no change from current law

ITEMIZED DEDUCTIONS	CURRENT LAW	HOUSE-PASSED BILL	SENATE-PASSED BILL	FINAL BILL
<b>State and Local Tax</b>	Income or sales and property taxes are deductible	Eliminates all but the property tax deduction up to \$10,000	Eliminates all but the property tax deduction up to \$10,000, expires after 2025	Limits the state and local tax deduction to \$10,000 of income, sales, or property taxes paid by individuals, expires after 2025
<b>Mortgage Interest Deduction</b>	Up to \$1 million in mortgage debt	Up to \$500,000 in mortgage debt, only primary residences eligible; eliminates for home equity debt	Eliminates for home equity debt, expires after 2025	Up to \$750,000 in mortgage debt; eliminates for home equity debt; expires after 2025
<b>Medical Expense Deduction</b>	Allows deduction of out-of-pocket expenses in excess of 10% of adjusted gross income	Eliminates	Expands deduction by reducing threshold to 7.5% of income for 2017 and 2018 only	Expands deduction by reducing threshold to 7.5% of income for 2017 and 2018 only
<b>Charitable Giving Deduction</b>	Deduct as much as 50% of adjusted gross income	Deduct as much as 60% of adjusted gross income; end deduction for college athletic seating	Deduct as much as 60% of adjusted gross income, expires after 2025; end deduction for college athletic seating	Deduct as much as 60% of adjusted gross income, expires after 2025; end deduction for college athletic seating
<b>Personal Casualty Losses Deduction</b>	Deduct total casualty loss, minus \$100 per casualty event, in excess of 10% of adjusted gross income	Eliminates, aside from specific recent disasters associated with 2017 disaster relief legislation	Allows only for federally-declared disasters through 2025	Allows only for federally-declared disasters through 2025
<b>Personal Casualty Losses Deduction for Mississippi River Delta Flood Disaster Area</b>	Specific tax relief relating to a "2016 disaster area" declared by the President during calendar year 2016	No change	Amends personal casualty loss deductions for losses in excess of \$500, by making such losses deductible without regard to the 10% adjusted gross income floor, through 2025	Amends personal casualty loss deductions for losses in excess of \$500, by making such losses deductible without regard to the 10% adjusted gross income floor, applying to losses in taxable years 2016 through 2017 only

OTHER INDIVIDUAL TAXES	CURRENT LAW	HOUSE-PASSED BILL	SENATE-PASSED BILL	FINAL BILL
<b>Affordable Care Act Individual Mandate</b>	Requires all Americans to purchase insurance or pay a penalty of \$695 or 2.5% of household income (whichever is higher)	No change	Eliminates penalty starting 2019	Eliminates penalty starting 2019
<b>Estate Tax Threshold</b>	40% on estates above \$5.6 million	Increases threshold to estates above \$11.2 million, then eliminates the estate tax after 2024	Increases threshold to estates above \$11.2 million, expires after 2025	Increases threshold to estates above \$11.2 million, expires after 2025

EDUCATION	CURRENT LAW	HOUSE-PASSED BILL	SENATE-PASSED BILL	FINAL BILL
<b>Education Credits</b>	American Opportunity Tax Credit, Lifetime Learning Credit and Hope Scholarship Credit	Slightly expands the American Opportunity Tax Credit and eliminates the Lifetime Learning Credit	No change	No change

EDUCATION	CURRENT LAW	HOUSE-PASSED BILL	SENATE-PASSED BILL	FINAL BILL
<b>Student Loan Interest Deduction</b>	Allows deduction up to \$2,500	Eliminates	No change	No change
<b>Graduate Student Tuition Waivers</b>	Tuition waivers are not treated as taxable income	Eliminates	No change	No change
<b>College Endowment Capital Gains</b>	College endowment capital gains are not treated as taxable income	1.4% tax on gains for institutions with 500 or more students and endowments larger than \$250,000 per student	1.4% tax on gains for institutions with 500 or more students and endowments larger than \$500,000 per student	1.4% tax on gains for institutions with 500 or more students and endowments larger than \$500,000 per student
<b>Education Savings Plans</b>	529 college savings accounts can be used only to pay for college	Expands use of 529 college savings accounts to include K-12 private school tuition; allows an account to be opened for a child in advance of birth	Expands use of 529 college savings accounts to include K-12 private school tuition	Expands use of 529 college savings accounts to include K-12 private school tuition
<b>Deductions for Classroom Expenses</b>	\$250 deduction	Eliminates	Increases deduction to \$500, expires after 2025	No change

INTERNATIONAL TAXES	CURRENT LAW	HOUSE-PASSED BILL	SENATE-PASSED BILL	FINAL BILL
<b>International Income</b>	Worldwide system with deferral and credit for taxes paid abroad	Moves to a territorial system with base-erosion rules including the inclusion of 50% of excess returns by controlled foreign corporations in U.S. shareholders' income, and an excise tax on payments made to foreign firms unless claimed as effectively connected income	Moves to a territorial system with anti-abuse rules and a base erosion minimum tax of the excess of 10% of modified taxable income over an amount equal to regular tax liability	Moves to a territorial system with anti-abuse rules and a new base erosion anti-abuse tax (BEAT) on certain income starting at a 5% rate beginning in 2018, increasing to 10% through 2025, and then at 25% thereafter
<b>Deemed Repatriation</b>	N/A	Enacts deemed repatriation of currently deferred foreign profits at a rate of 14% for liquid assets and 7% for illiquid assets	Enacts deemed repatriation of currently deferred foreign profits at a rate of 14.49% for liquid assets and 7.49% for illiquid assets	Enacts deemed repatriation of currently deferred foreign profits at a rate of 15.5% for liquid assets and 8% for illiquid assets

OTHER	CURRENT LAW	HOUSE-PASSED BILL	SENATE-PASSED BILL	FINAL BILL
<b>Arctic National Wildlife Refuge</b>	Oil and gas extraction not allowed	No change	Oil and gas extraction allowed	Oil and gas extraction allowed

## FOR MORE INFORMATION, PLEASE CONTACT:

### Alton E. Bayard III

Tax Shareholder

Baton Rouge

225.381.7019

[abayard@bakerdonelson.com](mailto:abayard@bakerdonelson.com)

### Stuart M. Schabes

Tax Shareholder

Baltimore

410.862.1096

[sschabes@bakerdonelson.com](mailto:sschabes@bakerdonelson.com)

### William H.D. Fones Jr.

Tax Shareholder

Memphis

901.577.2247

[wfones@bakerdonelson.com](mailto:wfones@bakerdonelson.com)

### Robert L. Ash

Tax Shareholder

Washington, D.C.

202.326.5005

[lash@bakerdonelson.com](mailto:lash@bakerdonelson.com)