



BLOG POST

Tax Plan Comparison Chart

February 27, 2017

Tax Plan Comparison Chart					
		 			
Tax Types	Current Law	House Blueprint	Senate Plan	Trump Administration	
Individual	Rates	*7 Individual Tax Rates - 10%, 15%, 25%, 28%, 33%, 35%, 39.6%	*3 Individual Tax Rates: 12%, 25%, 33%	Unclear, but likely a reduction in number of rates	3 Individual Tax Rates: 10%, 25%, 35%
	Pass-Thrus	Pass-Thru Rate = Individual Tax Rate (see above)	*Top Business Tax Rate for Pass-Thrus of 25%	Unclear	15% for owner-operated biz; ordinary rate for rest
	AMT	AMT	Repeals AMT	Most likely repeals AMT	Repeals AMT
	Cap Gains/ Dividends	Dividends & cap gains rate = 15% or 20%, depending on Individual Tax Rate (+3.8% ACA surtax for MAGI > \$200k/\$250k)	50% deduction, multiplied with tax rates: effective tax rates are 6%, 12.5%, 16.5%	Increased dividends rate on individuals in order to help pay for decrease in corporate taxes	Restore rates: 0%, 15%, 20%
	Family Deductions	5 basic family deductions	2 family deductions: standard deduction & enhanced child and dependent care deduction	Unclear	Increase standard deduction to \$15k/\$30k (married)
	Education	Am Opportunity Tax Credit, Lifetime Learning Credit, Student Loan interest deduction, Coverdell Savings Accts, etc.	Consolidates education tax incentives into one	Unclear	Unclear, pledges to work with universities to bring down tuition in exchange for tax incentives
	Itemized Deductions	Home mortgage, property state and local taxes, investment interest expense, medical expenses, charitable contributions, etc.	Eliminates all itemized deductions except mortgage interest and charitable	Unclear, but likely to include tax incentive for mortgage interest and charitable	charitable and mortgage interest will remain unchanged; Cap itemized deductions at \$200K for joint/\$100K for single filers
	Retirement	Saver's credit, tax-exempt retirement accounts	Universal savings account for retirement	Unclear	Unclear
	Other	All other tax preferences under current law	Eliminates all "special interest" provisions	Unclear, but likely to eliminate most tax preferences	--

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Corporate	Rates	Top rate 35%	Reduces to 20%	Unclear, but likely reduces to below 30%	15% biz rate
	Debt v. Equity	Allows for full interest expense deduction, but deduction for equity	Limits interest expense deduction to amount of interest income	Allows for dividends paid deduction	Allows US manufacturing to select either immediate expensing or interest expense deduction
	Expensing v. Depreciation	Deduction for interest expense and various depreciation schedules for most capital assets	100% full and immediate write-off of business investments	Unclear	See above
	AMT	Corporate AMT	Repeals corporate AMT	Unclear	Repeals corporate AMT
	NOLs	Carryback 2 years, carryforward 20 years	Indefinitely carryforward of NOLs (limited to 90% of net taxable income, no carryback)	Unclear	Unclear
	Other	Nearly 180 tax preferences (<u>JCT</u>)	Eliminate all "special interest" deductions/credits	Unclear, but likely to reduce number of tax preferences substantially	Eliminate most tax expenditures except R&D tax credit
	--	--	--	--	Childcare biz tax credit and biz childcare deduction
International	--	Worldwide system: both territorial and US companies' activities abroad, with deferral	Moves toward a territorial system via DBCFT w/ border adjustment	Unclear, likely to move toward territorial system	Moves to a territorial system
	--	Subpart F income tax immediately, other income taxed upon return to US at 35%	One-time deemed repatriation at 8.75% for cash, 3.5% for other	Unclear	One-time deemed repatriation at 10% (working with House/Senate)
Estate	--	\$5.46m exemption, 40% rate	Repeals estate tax	Repeals estate tax	Repeals estate tax
	Basis Treatment	Stepped-up basis for transfers	Unclear, but likely stepped-up basis for transfers	Stepped-up basis for transfers	Stepped-up basis for transfers if appreciation does not exceed \$10m