

# House and Senate Tax Bill Comparison

## Courtesy of Gary A Hancock & Associates Inc.

Congress is currently debating the largest tax bill in the last 30 years. Both the House and Senate have passed their own versions of the bill. Differences must now be reconciled, with the final piece of legislation voted on by both chambers and signed by the President before it becomes law.

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Provision	Current Law	House Version	Senate Version
<b>Individual Income Tax Rates</b>	Seven brackets: 10%, 15%, 25%, 28%, 33%, 35%, and 39.6%.	Four brackets: 12%, 25%, 35%, 39.6% and a "bubble rate" of 45.6%.	Seven brackets: 10%, 12%, 22%, 24%, 32%, 35%, and 38.5%.
<b>Personal Exemption</b>	\$4,050 per taxpayer and dependent.	Repeals	Repeals
<b>Standard Deduction</b>	Single: \$6,350 Married: \$12,700	Single: \$12,000 Married: \$24,000	Single: \$12,000 Married: \$24,000
<b>Child Tax Credits</b>	\$1,000 credit per child, credit phased-out at \$110,000 (married filing jointly) and \$75,000 (single).	\$1,600 credit per child, credit phased-out at \$230,000 (married filing jointly) and \$115,000 (single).	\$2,000 credit per child, credit phased-out at \$500,000 (married filing jointly) and \$250,000 (single).
<b>State and Local Tax Deduction (SALT)</b>	Income, sales, and property SALT are fully deductible for those who itemize.	Up to \$10,000 property tax deduction. Repeals SALT deduction for income and sales taxes.	Up to \$10,000 property tax deduction. Repeals SALT deduction for income and sales taxes.
<b>Corporate Tax Rate</b>	Four-tiers with top rate of 35%.	Permanent reduction to 20% in 2018.	Permanent reduction to 20% in 2019.
<b>Medical Expense Deduction</b>	Those who itemize may deduct qualified medical and dental expenses that exceed 10% of their adjusted gross income (AGI).	Repeals	Retains; for tax years 2017 and 2018, qualified expenses need only exceed 7.5% of adjusted gross income (AGI).
<b>Mortgage Interest Deduction</b>	Those who itemize may deduct	Cap remains at \$1 million for new homes.	Cap reduced to \$500,000 for new

	qualifying mortgage interest up to \$1 million plus \$100,000 for home equity debt. Applies to principal residence plus one other residence.	No deduction for interest on home equity debt. Applies to principal residence only.	homes. No deduction for interest on home equity debt. Applies to principal residence plus one other residence.
<b>Business Expensing</b>	Complex rules for deducting qualified expenses over many years.	You may immediately and fully expense qualified new equipment for five years.	You may immediately and fully expense qualified new equipment for five years, then phased-out over the five following years.
<b>Section 179 Expensing</b>	Limited to \$500,000, with phase-out beginning at \$2 million.	Limited to \$5 million with phase-out beginning at \$20 million.	Limited to \$1 million with phase-out beginning at \$2.5 million.
<b>Alternative Minimum Tax (AMT)</b>	Parallel income tax calculation for high-income taxpayers.	Repeals both individual and corporate AMT.	Retains both individual and corporate AMT but raises the individual exemption.
<b>Estate Tax</b>	40% tax imposed on assets over \$5.49 million per person.	Doubles basic exclusion immediately. Estate tax is repealed in 2024.	Doubles basic exclusion immediately.
<b>Graduate Students</b>	Tuition waivers are not treated as taxable income.	Tuition waivers are treated as taxable income.	Retains
<b>Student Loan Interest Deduction</b>	The lesser of \$2,500 or the amount of interest you paid during the year.	Deduction for interest on education loans and tuition expense is repealed.	Retains
<b>Affordable Care Act (ACA) Individual Mandate</b>	Penalty if you don't have minimum health care coverage.	Retains	Repeals individual mandate / penalty.
<b>Pass-Through Entities</b>	Taxed at personal income tax rates.	Maximum rate of 25%. To deter abuse, 30% of income can be subject to the 25% rate and the	Qualifying entities can deduct up to 23% of qualified business income, limited to 50%

		remaining 70% is taxed at the ordinary income tax rate. 25% rate is applied to all passive activity income. Many professional service companies are excluded.	of W-2 wages. Not available to certain service businesses if owner's income is over \$250,000 (single) or \$500,00 (married filing jointly).
<b>Cash Accounting</b>	Permitted for eligible entities if average annual gross receipts are \$5 million or less.	Permitted for eligible entities if average gross receipts are \$15 million or less, even if the business keeps inventory.	Permitted for eligible entities if average gross receipts are \$25 million or less, even if the business keeps inventory.
<b>Business Interest Deduction</b>	Generally fully deductible.	Limited to 30% of earnings before interest, taxes, depreciation, and amortization (EBITDA).	Limited to 30% of earnings before interest and taxes (EBIT). Indefinite carryover of unused deduction.

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