

# What's in the Final Republican Tax Bill

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House and Senate Republicans have [released a final plan](#) to resolve the differences between their tax overhaul bills. The legislation would cut taxes for corporations. American taxpayers, in large part, would also get cuts, though most of the changes affecting taxpayers would expire after 2025.

Income taxes	CURRENT LAW	G.O.P. BILL
Tax brackets	Seven	Seven, lower over all
Top rate	39.6%	37%
starts at:	\$426,700 / \$480,050 (singles/couples)	\$500,000 / \$600,000 (singles/couples)
Alternative Minimum Tax	Alternative income tax calculation for high-income taxpayers	Keeps, but increases exemption so fewer will pay it

← The bill would lower individual tax rates over all. But to comply with Senate budget rules, the individual tax cuts would expire after 2025.

## Standard deduction and exemptions

Standard deduction	\$6,500 / \$13,000 (singles/couples)	\$12,000 / \$24,000 (singles/couples)
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← The standard deduction would nearly double, so many

Personal exemptions	\$4,150 per taxpayer and dependent	Eliminates
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more people would end up taking it.

### Family tax credits

Child tax credit	\$1,000	\$2,000
Refundable portion:	15% of earnings over \$3,000	Up to \$1,400
Credit for other dependents	None	\$500
Family tax credits phase out starting at:	\$75,000 / \$110,000 (singles/couples)	\$200,000 / \$400,000 (singles/couples)

← The child tax credit would double, and it has a larger refundable portion that would allow more lower-income families to benefit.

### Inflation

Inflation measure used for certain income thresholds	Consumer Price Index (CPI)	Chained CPI (C-CPI), a less generous measure
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← The biggest long-term change for taxpayers in the bill, it would result in a tax increase over the long run, long after the tax cuts expire.

### Education

	CURRENT LAW	G.O.P. BILL
Education credits	American Opportunity Tax Credit, Lifetime Learning Credit and Hope Scholarship Credit	No change
Student loan interest deduction	Can deduct up to \$2,500	No change
Graduate student tuition waivers	Tuition waivers are not treated as taxable income	No change
Education savings plans	None	Expands use of 529 college savings accounts to include K-12 private school tuition
Deduction for classroom expenses	\$250 deduction	No change

← A big victory for families that send their children to private school.

### Itemized deductions

State and local tax deduction	Income or sales and property taxes are deductible	All state and local tax deductions limited to \$10,000
Mortgage interest deduction	Can deduct interest payments on up to \$1 million of debt	Limited to payments on \$750,000 of debt
Moving expenses	Can deduct personal expenses	Eliminates, except for members of the military
	Employer-provided expense reimbursements are excluded	Eliminates, except for members of the military

← Some Republican representatives in high-tax districts have said they will vote “no” because of the scaling back of the “SALT” deduction.

<b>Medical expenses deduction</b>	<b>Can deduct out-of-pocket expenses in excess of 10% of adjusted gross income</b>	<b>Expands by reducing threshold to 7.5% of income</b> <b>Applies to 2017 and 2018</b>
Overall limit on itemized deductions	Phase out beginning at \$266,700 / \$320,000 (singles/couples)	Repeals

← This deduction, which would have been eliminated by the House bill, is most important to low-income taxpayers with high out-of-pocket health care costs.

### Other individual taxes

Individual mandate	Penalty for not having health insurance	Eliminates <b>Starts in 2019</b>
Estate tax	Top rate of 40% on estates above \$5.6 million	Increases threshold to estates above \$11.2 million
Pass-through income	Taxed at individual rates	20% deduction, phasing out starting at \$315,000 of income for couples
Capital gains	Top rate of 23.8% (including net investment income tax)	No change

← This provision, estimated to save over \$300 billion, would severely [weaken the Affordable Care Act](#).

### Corporate taxes

	CURRENT LAW	G.O.P. BILL
Top corporate tax rate	35%	21%
Business interest deduction	Generally fully deductible	Caps deduction at 30% of income (excluding depreciation)
Alternative Minimum Tax	Alternative income tax calculation for businesses	Eliminates
New investment purchases	Complex rules for deducting over many years	Five years of full expensing, then phased out over five more years
Section 179 expensing	Small business expensing limited to \$500,000	Increases limit to \$1 million
Net operating losses	Can deduct net operating losses from income in other years	Limits the deduction to 80% of taxable income
Research and development expenditures	Can be immediately deducted	Would need to be written off gradually

← The largest tax cut in the bill would be permanent, as would other corporate tax changes.

← The Senate's decision to keep the corporate A.M.T. was reversed after [blowback from several industries](#).

← The bill raised money by speeding up the effective dates for these last two provisions, which were included in the Senate bill.

### Business credits and other

Orphan drug tax credit	Credit for 50% of qualified testing expenses	Reduces credit rate to 25%
Renewable electricity tax credit	Credit for wind power production, phasing out by 2020	No change
Private activity bonds	Tax-exempt bonds used to fund low-income housing and other projects	No change

**International**

Taxation of multinational companies	Worldwide system with deferral and credit for taxes paid abroad	Modified territorial system with new anti-abuse tax
One-time repatriation tax	—	8% (15.5% for cash)

← The bill would move from the current worldwide tax system, in which income earned abroad is taxed in the United States, to a territorial system in which only domestic profits would be taxed.

**Correction: Dec. 16, 2017**

An earlier version of the table with this article described incorrectly the deduction for classroom expenses under the G.O.P. bill. It would be unchanged from current law, not increased to \$500.

**Correction: Dec. 18, 2017**

An earlier version of the table with this article described incorrectly a provision for the overall limit on itemized deductions in the G.O.P. bill. The limit would be repealed through 2025, not unchanged from current law.

**Correction: Dec. 19, 2017**

An earlier version of the table with this article described incorrectly the rates for a one-time repatriation tax in the G.O.P. bill. The rate would be 8 percent (15.5 percent for cash), not 7.5 percent (14.5 percent for cash).