ROSENFIELD & Co. PLLC
TRADITIONAL VALUES | EXTRAORDINARY RESULTS

HOUSE BILL VS SENATE BILL– INDIVIDUAL TAXATION

Provision	**House Bill**	**Senate Bill**
Tax Brackets, Standard Deduction & Personal Exemptions	• Has four tax brackets with a bubble tax (bubble tax phases out the 12% tax bracket) • Increases the standard deduction • Eliminates the personal exemptions	• Keeps current seven bracket system, but lowers the max rate to 38.5% • Increases the standard deduction • Eliminates the personal exemptions
Itemized Deductions	• SALT- Retains the real estate tax deduction (capped at $10,000) • Mortgage Interest-Allows, but caps at $500,000 • Charitable Contributions- Increases deduction to 60% • Repeals: Pease Limitation, Personal casualty losses, tax prep fees, alimony payments, moving expenses, medical expenses	• Eliminates all SALT but retains the real estate tax deduction (capped at $10,000) • Mortgage-Keeps deduction for acquisition debt but repeals the deduction for equity debt • Charitable Contributions- Increases deduction to 60% • Repeals Pease Limitations, Personal casualty & theft losses, tax prep fees, ALL miscellaneous itemized deductions that are currently subject to the 2% floor, exclusion for qualified bicycle commuting reimbursements • Keeps Medical expenses deductions and temporarily decreases thee AGI threshold to 7.5% (2017 & 2018)
Above the Line Deductions	• Eliminates for teachers, student loan interest, moving expenses, tuition waiver for graduate students	• Doubles for teachers (to $500) • Eliminates for student loan interest, moving expenses • Keeps tuition waiver for graduate students

Provision	House Bill	Senate Bill
Child & Family Tax Credits	• $1,600 child tax credit and $300 per-person family tax credit • MFJ Filers begins at $230,000 • Only first $1,000 of the credit is refundable	• Increases child tax credit to $2,000 and a $500 per-person family tax credit • Phase out for MFJ filers begins at $500,000 • Increases age limit to 18 for tax years 2018-2024 • Only first $1,000 of the credit is refundable
529 Plans	• Allows plans to be created for unborn children and for $10,000 to be used for private elementary and secondary school expenses annually	• Allows funds to be used for public, private, and religious private elementary and secondary school and home school expenses
Pass-Through Income	• 25% tax rate on business income • 9% for an active owner or shareholder making less than $150,000 (phased in over 5 years-11% in 2018 & 2019, 10% in 2020, 9% in 2022) • Anti-Abuse Rules: 70/30 • Current rules on self-employment tax would remain unchanged	• 23% deduction for qualified domestic business income • Limited to 50% of W-2 wages from S-Corp or Partnership • Doesn’t apply to personal services income unless AGI is less than $150,000 (MFJ) or $75,000 (S) • Phaseout: Non-Personal Service Provider ($150,000 MFJ / $75,000 S); Personal service provider ($50,000 MFJ / $25,000 S)
Retirement Accounts	• No Major Changes	• Eliminates catch-up contributions for high-wage employees and consolidates contribution limits for 457(b) plans to match 401(k) and 403(b) plans
Like Kind Exchanges	• Amends §1031 to only apply to real property • Tangible and intangible property will no longer be allowed	• Amends §1031 to only apply to real property • Tangible and intangible property will no longer be allowed

Provision	**House Bill**	**Senate Bill**
Exclusion of Gain on Sale of Personal Residence	• 2 of 5 Rule → 5 of 8 Rule • Once every 5 years • Makes the exemption subject to an income phaseout	• 2 of 5 Rule → 5 of 8 Rule • Once every 5 years
Individual Mandate	• No Change	• Repeals the individual mandate under ACA
Expiration	• Most tax cuts are permanent	• All individual tax cuts will expire at the end of 2025