

# Tax Reform 2017: A Look at Competing Proposals

| <br><b>CURRENT LAW</b> | <br><b>HOUSE BLUEPRINT</b>  | <br><b>TRUMP 2015 CAMPAIGN</b>   | <br><b>TRUMP 2016 CAMPAIGN</b>  | <br><b>2017 TRUMP PLAN</b>   |
|---|--|--|--|---|
| PROVISION   |  |  |  |   |
| Corporate Income Tax Rate   | 35%  | 20%  | 15%  | 15%   |
| Pass-Through Business Income Tax Rate   | 35% for corporate partners, 39.6% for individuals  | 25%  | 15% ("small pass-throughs")  | 15% ("small and large" pass-throughs if profits are "retained")   |
| Depreciation & Amortization   | Allows   | Immediate expensing  | Silent   | US manufacturers may elect immediate expensing or net interest deduction  |
| Interest Deduction  | Allows   | Eliminates net interest deduction  | "Phase-in reasonable cap on deductibility of interest"   | US manufacturers may elect immediate expensing or net interest deduction  |
| Other Business Deductions   | Allows   | Eliminates most except R&D credits   | "Reduce or eliminate loopholes that cater to special interests"  | Eliminate "most" tax expenditures except R&D credit   |
| Taxation of Future Earnings   | Worldwide system, with deferral  | Territorial system and BAT   | Worldwide system, repeal deferral  | Worldwide system, eliminates "most" corporate tax expenditures  |
| Taxation of Deferred Foreign Earnings   | Deferral   | 8.75% on cash and cash equivalents, 3.5% on other (payable over 8 years)   | One-time 10% tax on accumulated deferred earnings  | One-time 10% tax on accumulated deferred earnings   |
| AMT   | Imposes  | Repeals corporate and individual AMT   | Repeals corporate and individual AMT   | Repeals corporate and individual AMT  |
| Carried Interest  | Allows   | Silent   | Tax as ordinary income   | Tax as ordinary income  |
| Individual Ordinary Income Tax Rates  | Seven brackets   | 12%, 25%, 33%  | 0, 10%, 20%, 25%   | 12%, 25%, 33%   |
| Capital Gains and Qualified Dividends   | 23.8%  | 50% exemption (top rate of 16.5%)  | Taxed at current rates, adjusted to new brackets   | 20%, eliminates 3.8% Medicare tax on net investment income  |
| Standard Deduction/ Personal Exemption/ Itemized Deductions   | <p>Standard deduction is \$6,350 for single taxpayers and \$12,700 for married taxpayers filing joint returns.</p> <p>Personal exemption and itemized deductions are allowed, with phase-outs.</p> | <p>Consolidate the standard deduction and personal exemptions into larger \$12,000 standard deduction (\$24,000 for joint filers) and increased child credit.</p> <p>All itemized deductions eliminated except charitable and mortgage interest.</p> | <p>Reduce and eliminate deductions for very rich.</p> <p>Steepen personal exemption phase out and "Pease limitation" on itemized deductions.</p> <p>Preserve charitable giving and mortgage interest deductions.</p> | <p>Consolidated the standard deduction and personal exemptions into larger \$15,000 standard deduction (\$30,000 for joint filers and increased child credit.</p> <p>Cap joint itemized deduction at \$200,000.</p> <p>Preserve charitable giving and mortgage interest deductions.</p> |
| Estate Tax  | Applies  | Eliminates   | Eliminates   | Eliminates, but disallows basis step-up for estates over \$10 million   |