

The Evolution of Tax Reform - A Comparison Chart of Competing Tax Plans



Topic	Current Law	Unified Framework for Fixing Our Broken Tax Code (Sept. 27, 2017)	Trump Administration 2017 Tax Reform Outline (Apr. 26, 2017)	Trump 2016 Campaign Tax Plan	House Republican Blueprint (June 24, 2016)
Individual Income Tax Rates	<p>10%, 15%, 25%, 28%, 33%, 35%, 39.6%</p> <p>For 2017:</p> <p>Married filing jointly:</p> <p>10% (Taxable income not over \$18,650) 15% (Over \$18,650 but not over \$75,900) 25% (Over \$75,900 but not over \$153,100) 28% (Over \$153,100 but not over \$233,350) 33% (Over \$233,350 but not over \$416,700) 35% (Over \$416,700 but not over \$470,700) 39.6% (Over \$470,700)</p> <p>Head of Household:</p> <p>10% (Taxable income not over \$13,350) 15% (Over \$13,350 but not over \$50,800) 25% (Over \$50,800 but not over \$131,200) 28% (Over \$131,200 but not over \$212,500) 33% (Over \$212,500 but not over \$416,700) 35% (Over \$416,700 but not over \$444,550) 39.6% (Over \$444,550)</p> <p>Unmarried Individuals (Other than Surviving Spouses and Heads of Households):</p> <p>10% (Taxable income not over \$9,325) 15% (Over \$9,325 but not over \$37,950) 25% (Over \$37,950 but not over \$91,900) 28% (Over \$91,900 but not over \$191,650) 33% (Over \$191,650 but not over \$416,700) 35% (Over \$416,700 but not over \$418,400) 39.6% (Over \$418,400)</p> <p>Married Individuals Filing Separate Returns:</p> <p>10% (Taxable income not over \$9,325) 15% (Over \$9,325 but not over \$37,950) 25% (Over \$37,950 but not over \$76,550) 28% (Over \$76,550 but not over \$116,675) 33% (Over \$116,675 but not over \$208,350) 35% (Over \$208,350 but not over \$235,350) 39.6% (Over \$235,350)</p>	<p>12%, 25% and 35%</p> <p>Income tax brackets not specifically addressed.</p> <p>Additional top rate may apply to highest-income taxpayers.</p> <p>Use more accurate measure of inflation for indexing tax brackets.</p> <p>The Framework suggests that when these rate changes are combined with standard deduction increase, this effectively creates a larger "zero tax bracket."</p>	<p>10%, 25% and 35%</p> <p>Income tax brackets not specifically addressed.</p>	<p>Single Taxpayers:</p> <p>12% (Not over \$37,500) 25% (Over \$37,500 but not over \$112,500) 33% (Over \$112,500)</p> <p>Married Filing Jointly:</p> <p>12% (Not over \$75,000) 25% (Over \$75,000 but not over \$225,000) 33% (Over \$225,000)</p> <p>Eliminates Head of Household filing status.</p>	<p>0% /12%, 25%, 33%</p> <p>For 2017:</p> <p>Married Filing Jointly:</p> <p>0% /12%* (Taxable income not over \$75,900) 25% (Over \$75,900 but not over \$233,350) 33% (Over \$233,350)</p> <p>Head of Household:</p> <p>0% /12%* (Taxable income not over \$50,800) 25% (Over \$50,800 but not over \$212,500) 33% (Over \$212,500)</p> <p>Unmarried Individuals (Other than Surviving Spouses and Heads of Households):</p> <p>0% /12%* (Taxable income not over \$37,950) 25% (Over \$37,950 but not over \$191,650) 33% (Over \$191,650)</p> <p>Married Individuals Filing Separate Returns:</p> <p>0% /12%* (Taxable income not over \$37,950) 25% (Over \$37,950 but not over \$116,675) 33% (Over \$116,675)</p> <p>*The new standard deduction is larger than the current-law standard deduction and personal exemptions combined. This, in effect, creates a larger 0 percent bracket. As a result, taxpayers who are currently in the 10-percent bracket always will pay lower taxes than under current law.</p>

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Standard Deduction	2017: Single individuals: \$6,350 Head of household: \$9,350 Married filing jointly: \$12,700 Additional standard deduction of \$1,250 for aged or blind.	Roughly double the standard deduction: Married filing jointly: \$24,000 Single filers: \$12,000 Additional standard deduction merged into larger standard deduction. Comment: The head of household standard deduction is not addressed but may be eliminated.	Double the current standard deduction.	\$30,000 for Married Filing Jointly; \$15,000 for Single Taxpayers.	\$24,000 for married filing jointly; \$18,000 for single individuals with a child in the household; \$12,000 for other individuals.
Personal Exemptions	\$4,050 per individual (taxpayer and dependents)	Taxpayer and spouse personal exemptions merged into larger standard deduction. Personal exemption for dependents repealed.	Not specifically addressed.	Eliminated; merged into larger standard deduction.	Eliminated; merged into larger standard deduction and child credit.
Itemized Deductions	Mortgage interest payments up to \$1 million in acquisition debt and up to \$100,000 in home equity debt deductible. Charitable contributions allowed with specified income percentage limitations. Taxpayers can deduct state and local income tax as an itemized deduction.	Eliminate most itemized deductions, except mortgage interest deduction and charitable contribution deduction. Comment: Which itemized deductions will be eliminated is not specifically mentioned, but most likely the state and local tax deduction will be eliminated.	Maintain charitable contribution and mortgage interest deductions.	Cap at \$100,000 for single taxpayers; \$200,000 for married filing jointly.	Eliminates all itemized deductions except mortgage interest deduction and the charitable contribution deduction.
AMT (Individual)	The sum of— 26% of so much of the taxable excess as does not exceed \$187,800 (for 2017), plus 28% of so much of the taxable excess as exceeds \$187,800 (for 2017).	Repeal.	Repeal.	Repeal.	Repeal.
Child-related Expenses	\$1,000 credit for each qualifying child under the age of 17. Phase-out begins for single filers with modified adjusted gross income (MAGI) over \$75,000 and for joint filers with MAGI over \$110,000. Refundable (15% of earned income in excess of \$3,000). Credit for certain dependent care expenses incurred to allow the taxpayer to be gainfully employed. Amount of credit varies depending on amount of expenses, income and number of qualifying dependents. Dependent children must be under age 13 unless physically or mentally incapable of caring for themselves.	Increases dollar amount of credit (not specified). Increases income levels at which child tax credit begins to phase out (dollar amounts not provided) but designed to eliminate marriage penalty. First \$1,000 of credit will remain refundable.	Provide tax relief for families with child and dependent care expenses. Details not specifically addressed.	Above-the-line deduction for childcare expenses for children under age 13 but capped at the state average for the age of the child. Deny deduction for married filing jointly taxpayer with total income over \$500,000 (\$250,000 for single taxpayers).	\$1,500 credit (consolidates child credit and personal exemption for dependents); first \$1,000 refundable as under current law. Phase-out of credit to begin at \$150,000 for married filing jointly.
Adult-care Expenses	A dependency exemption is allowed for a qualifying relative. Medical expenses paid for an adult dependent qualify for deduction.	\$500 non-refundable credit for non-child dependents.	Not specifically addressed.	Above-the-line deduction of up to \$5,000 per year, increased by inflation.	\$500 non-refundable credit allowed for non-child dependents.

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Earned Income Tax Credit	For 2017, maximum credit equals \$3,400 (for taxpayer with one qualifying child); \$5,616 (for taxpayer with two qualifying children); \$6,318 (for taxpayer with 3 or more qualifying children); and \$510 (for taxpayer with no qualifying children).	Not specifically addressed.	Not specifically addressed.	Uses spending rebates equal to 7.65% of remaining eligible childcare expenses, subject to cap of ½ payroll taxes paid. Married joint filers earning up to \$62,400 (single taxpayers earning up to \$31,200) eligible.	Same as current law.
Net Investment Income Tax	3.8% tax of net investment income. Applies to taxpayers with modified adjusted gross income above (1) \$250,000 for married filing jointly and surviving spouses, (2) \$125,000 for married filing separately, and (3) \$200,000 for single taxpayers and heads of household. For 2017, an estate or trust is subject to the tax if it has undistributed net investment income and also has adjusted gross income over \$12,500.	Not specifically addressed.	Repeal.	Repeal.	Repeal.
Carried Interest	Generally taxed at capital gains rates.	Not specifically addressed.	Not specifically addressed.	Tax at ordinary income rates.	Not specifically addressed.
Savings and Investment Income (Capital Gains, Dividends and Interest)	Long-term capital gain and qualified dividends taxed at rates of 0%, 15% and 20%. Short-term capital gain, interest income and non-qualified dividends taxed at ordinary rates. (Top rate plus NIIT equals 23.8%.)	Not specifically addressed.	Not specifically addressed.	Maximum rate of 20%.	Deduction for 50% of net capital gains, dividends and interest income, leading to rates of 6%, 12.5% and 16.5%.
Corporate Tax Rates	Graduated rate schedule with maximum rate of 35%.	20% corporate tax rate.	15% business tax rate.	15% flat rate on income for profits retained within the business.	20% flat rate.
Tax Rate on Pass-through Entities	Income earned through partnerships and S corporations passed-through to partner/shareholder and taxed at ordinary income rates.	Maximum rate of 25% on business income on small and family-owned businesses conducted as sole proprietorships, partnerships and S corporations. Measures to prevent the recharacterization of personal income into business income planned.	15% business tax rate.	15% flat rate of income for profits retained within the business.	Maximum rate of 25% on income earned from sole proprietorships and pass-throughs. Deduction allowed for reasonable compensation paid to owner-operator.
AMT (Corporate)	20% of income above \$40,000 (small corporations exempt).	Repeal.	Repeal.	Repeal.	Repeal.

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Business Deductions/Credits	Businesses can deduct ordinary and necessary business expenses. Internal Revenue Code provides for many deductions and credits targeted to specific groups of taxpayers.	<p>Immediate expensing the cost of new investments in depreciable assets other than structures made after September 27, 2017, for at least 5 years.</p> <p>Net interest expense incurred by C corporations will be partially limited. Interest paid by non-corporate taxpayer to be considered.</p> <p>Repeal numerous other special exclusions and deductions.</p> <p>Research and development credit and low-income housing credit preserved.</p>	Eliminate tax breaks for special interests.	Eliminate most business deductions and credits except the research credit.	Full and immediate write-off of business investment for both tangible and intangible assets (eliminates depreciation). Allow deduction of interest expense against interest income, but no current deduction for net interest expense (carry forward in future years against interest income). Eliminates "special interest" tax deductions (i.e., IRC §199 domestic production deduction). Maintains research credit.
Manufacturing	Nine percent deduction for qualified production activities income under IRC §199.	Repeal manufacturing deduction.	Eliminate tax breaks for special interests.	Expense capital investment but lose deductibility of corporate interest.	Repeal manufacturing deduction (along with most special-interest deductions).
Net Operating Losses	Carryback up to 2 years; carry forward up to 20 years.	Not specifically addressed.	Not specifically addressed.	Not specifically addressed.	Eliminate carrybacks but indefinite carryforward and amount increased by "an interest factor that compensates for inflation and a real return on capital to maintain the value of amounts that are carried forward." Deduction in current year limited to 90% of the net taxable amount determined without regard to the carryforward.
Credit for on-site child care	Up to \$150,000; recapture period of 10 years (25% of qualified child-care expenses; 10% of qualified child-care resource and referral expenses). Credit subject to recapture during first 10 years.	Not specifically addressed but mentions repeal of special interest credits (with possible retention of other credits to the extent budgetary limitations allow).	Not specifically addressed.	\$500,000 per year; recapture period of 5 years.	Repeals special-interest credits.

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Health Care	The Affordable Care Act requires that individuals obtain minimum essential health coverage or pay a penalty. Employers are subject to excise taxes under ACA if their full-time employees have to go to a health care Exchange to obtain coverage. Medical device tax of 2.3% (not applicable in 2016 and 2017); "Cadillac" tax on high-cost health plans (delayed until 2020). Extra 0.9% Medicare Hospital Insurance tax on individuals with adjusted gross income (AGI) above \$200,000, married taxpayers filing jointly taxpayers with AGI above \$250,000 and married taxpayers filing separate returns with AGI above \$125,000.	Taxes under Affordable Care Act not specifically addressed.	[Note: Being addressed in Affordable Care Act reform. In general, would repeal all taxes enacted under the ACA.]	Repeal ACA and all associated taxes.	Substantial tax increases enacted as part of the Obamacare law will be repealed.
Estate Tax	For 2017, rate is 40% with unified credit exclusion amount of \$5,490,000.	Repeal estate and generation-skipping transfer tax.	Repeal.	Repeal. Capital gain held until death and valued over \$10 million subject to tax. Disallow contributions of appreciated property into a private charity established by the decedent or the decedent's relatives.	Repeal.

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Imports & Exports (Border adjustment tax)	No provision	No provision.	Not specifically addressed.	Not specifically addressed.	<p>Border adjustments exempting exports and taxing imports. Products, services and intangibles that are (a) exported from the United States will not be subject to U.S. tax regardless of where they are produced; and (b) sold into the United States will be subject to U.S. tax regardless of where they are produced.</p> <p>On July 27, 2017, House Speaker Paul Ryan (R-WI), Senate Majority Leader Mitch McConnell (R-KY), Treasury Secretary Steven Mnuchin, National Economic Council Director Gary Cohn, Senate Finance Committee Chairman Orrin Hatch (R-UT), and House Ways and Means Committee Chairman Kevin Brady (R-TX) issued the following statement on the border adjustment tax: While we have debated the pro-growth benefits of border adjustability, we appreciate that there are many unknowns associated with it and have decided to set this policy aside in order to advance tax reform."</p>
Taxation of Foreign Income (Business income)	Worldwide tax system.	Territorial tax system.	Territorial tax system.	Not specifically addressed.	Territorial tax system; active business income (in particular products, services and intangibles sold outside the United States) will not be subject to U.S. tax.
Taxation of Foreign Income (Investment or Passive income)	Worldwide tax system	100% exemption for dividends from foreign subsidiaries where the U.S. parent owns at least a 10% stake.	Territorial tax system.	Not specifically addressed.	100% exemption for dividends from foreign subsidiaries.

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Anti-deferral (Repatriation Tax)	No provision.	Deemed repatriation for foreign earnings that have accumulated overseas. Rate not provided. Illiquid assets subject to lower rate than cash or cash equivalents. Payment of liability spread over several years (not specified).	One time tax on money held overseas. Rate not specifically addressed.	One time 10% tax on deemed repatriated profits held offshore.	8.75% rate for accumulated foreign earnings held in cash or cash equivalents; 3.5% rate for other earnings. Liability paid over 8-year period.
Inversions	A domestic corporation or domestic partnership that “inverts” into a foreign corporation or the subsidiary of a foreign corporation is subject to certain adverse U.S. tax rules.	Protection of U.S. tax base by taxing at a reduced rate and on a global basis the foreign profits of U.S. multinational corporations. Proposal contemplates rules to “level the playing field” between companies with a U.S. parent and those with a foreign parent.	Not specifically addressed.	Not specifically addressed.	20% corporate tax rate, territorial tax system and border adjustments would eliminate inversions.
Anti-deferral (Ongoing Income of Foreign Subsidiaries)	Subpart F rules tax passive income (with some exceptions) and selectively tax components of active income.	Not specifically addressed.	Not specifically addressed.	Not specifically addressed.	Bulk of Subpart F rules repealed.

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