

Comparing the House and Senate tax reform bills

	Current law	House bill	Senate bill
	Corporate taxes Top corporate rate of 35% on taxable income over \$10m a year	Cuts corporate tax rate to a permanent 20% immediately, taking effect in 2018	Cuts corporate tax rate to a permanent 20% one year later, taking effect in 2019
	Income tax Seven individual tax rates: 10%, 15%, 25%, 28%, 33%, 35% and 39.6%	Reduces to four brackets: 12%, 25%, 35% and 39.6%	Keeps seven brackets: 10%, 12%, 22.5%, 25%, 32.5%, 35%, 38.5%
	Standard deduction \$6,350 for single filers and \$12,700 for married couples	Raises to \$12,000 for single filers, \$24,000 for married couples	Raises to \$12,000 for single filers, \$24,000 for married couples
	State and local taxes Taxpayers can deduct both state and local income and property taxes	Keeps state and local property tax deduction (capped at \$10,000), eliminates deduction for income taxes	Fully eliminates state and local income and property tax deduction, except for business income
	Estate tax Top rate of 40%, with exemptions of up to \$5.49 million for an individual and \$10.98 million for a married couple	Doubles exemption to \$11 million for an individual and \$22 million for a married couple, repeals estate tax in 2024	Doubles exemption to \$11 million for an individual and \$22 million for a married couple, no repeal

Source: Bernie Becker, “8 key differences between the dueling Senate and House tax bills,” Politico, November 9, 2017; Alan Rappeport, “House and Senate Have Big Differences to Bridge on Tax Plans,” The New York Times, November 9, 2017.

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	<p>Mortgage interest deduction Taxpayers can deduct interest payments on up to two mortgages, worth up to a combined \$1m</p>	<p>Caps deduction for new mortgages to first \$500,000 of the loan</p>	<p>Preserved, but repeals deduction for home equity debt</p>
	<p>Child tax credit Taxpayers can claim a \$1,000 credit per child for individuals making less than \$75,000 and married couples making less than \$110,000</p>	<p>Increases credit to \$1,600 per child, extends credit to individuals earning less than \$110,000 and married couples earning less than \$230,000; includes \$300 credit per adult in a family that expires in 2023</p>	<p>Increases credit to \$1,650 per child</p>
	<p>Pass-through business Business income from partnerships, S corporations and sole proprietorship is taxed at individual tax rates</p>	<p>Creates special 25% rate for pass-through income; in many cases only 30% of business owner's income is eligible, with other 70% classified as wage income</p>	<p>Creates new deduction that sets top rate for pass-through income in the low 30s</p>
	<p>Other deductions Various deductions for student loan interest, medical expenses and adoption expenses</p>	<p>Eliminates deductions for medical expenses and student loan interest, keeps adoption credit deduction</p>	<p>Keeps all three tax deductions, including a number of other individual tax preferences</p>

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