

Tax reform going to the President (12-20-17)

Both the House of Representatives and the Senate have passed the tax reform bill [today](#), and President Trump is expected to sign it as soon as it reaches his desk. Here is a partial list of provisions included in the bill:

- Individual rates will range from 10% to 37%, and the corporate tax rate will be 21%;
- The standard deduction is increased and personal and dependent exemptions are eliminated;
- The Child Tax Credit is enhanced and a new Family Tax Credit is enacted;
- Mortgage interest deductions will be limited to underlying indebtedness of up to \$750,000 (\$375,000 for married filing separate) and no deduction is allowed for equity debt;
- Individuals may deduct a maximum of \$10,000 in state income tax and/or property tax;
- No deduction is allowed for miscellaneous itemized deductions subject to the 2% floor (suggest that your clients prepay their tax preparation fees now);
- State income tax paid in 2017 for the 2018 tax year is not deductible;
- The exclusion for moving expense reimbursements and the moving expense deduction are generally eliminated;
- The ACA individual mandate is eliminated and the shared responsibility payment is \$0;
- AMT for individuals is retained but exemption amounts are increased, and the corporate AMT is repealed;
- The gift and estate tax is retained with an increased exemption amount;
- IRC §179 expensing and bonus depreciation are increased;
- Deductible business interest is reduced;
- The NOL carryback is repealed and the NOL deduction amount is limited;
- The domestic production activities deduction is repealed;
- IRC §1031 treatment is limited to certain real property;
- Entertainment expenses are disallowed;
- A deduction is allowed for qualified business income for passthrough entity owners; and
- Recharacterization to an IRA cannot be used to undo a Roth conversion.