

This roadmap to the “Tax Cuts and Jobs Act” (H.R. 1) compares the conference committee report released on Dec. 15 to the bills passed by the House of Representatives on Nov. 16 and the Senate on Dec. 2. To see the legislative text relating to each topic, click the links on the bill section numbers.

Check back regularly. We will update this roadmap as developments occur. *(Last updated Dec. 16.)*

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Corporate and Business

Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Corporate Alternative Minimum Tax	<p>For tax years beginning after Dec. 31, 2017, would repeal corporate AMT.</p> <p>Would continue to allow the prior year minimum tax credit to offset the taxpayer’s regular tax liability for any tax year. For tax years beginning after 2018 and before 2023, the prior year minimum tax credit would be refundable in an amount equal to 50% (100% for tax years beginning in 2022) of the excess of the credit for the tax year over the amount of the credit allowable for the year against regular tax liability.</p> <p>[§2001]</p>	<p>Corporate AMT would not be repealed.</p> <p>[§12001]</p>	<p>For tax years beginning after Dec. 31, 2017, would repeal corporate AMT.</p> <p>Would continue to allow the prior year minimum tax credit to offset the taxpayer’s regular tax liability for any tax year. For tax years beginning after 2017 and before 2022, the prior year minimum tax credit would be refundable in an amount equal to 50% (100% for tax years beginning in 2021) of the excess of the credit for the tax year over the amount of the credit allowable for the year against regular tax liability.</p> <p>No expiration.</p> <p>[§12001, §12002]</p>	§53, §55

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Corporate Tax Rate	<p>For tax years beginning after Dec. 31, 2017, 20% flat corporate tax rate; 25% flat rate for personal service corporations.</p> <p>Would reduce the 80% dividends received deduction would be reduced to 65% and the 70% dividends received deduction would be reduced to 50%, preserving the current law effective tax rates on income from such dividends.</p> <p>[§3001]</p>	<p>For tax years beginning after Dec. 31, 2018, 20% flat corporate tax rate; would eliminate the special tax rate for personal service corporations.</p> <p>Would reduce the 80% dividends received deduction to 65% and the 70% dividends received deduction to 50%, and would repeal the maximum corporate tax rate on net capital gain as obsolete.</p> <p>[§13001, §13002]</p>	<p>For tax years beginning after Dec. 31, 2017, 21% flat corporate tax rate. Would repeal the maximum corporate tax rate on net capital gain as obsolete. No special rate for personal service corporations.</p> <p>Would reduce the 80% dividends received deduction to 65% and the 70% dividends received deduction to 50%.</p> <p>No expiration.</p> <p>[§13001, §13002]</p>	<p>§11, §243, §245, §246, §246A, §861</p>

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Cash Method of Accounting	<p>The \$5 million average gross receipts threshold for corporations and partnerships with corporate partners that are not allowed to use the cash method of accounting would be increased to \$25 million (indexed for inflation) and would be extended to certain farming entities for tax years beginning after Dec. 31, 2017. The requirement that such businesses satisfy the requirement for all prior years would be repealed.</p> <p>[§3202]</p>	<p>Effective for tax years beginning after Dec. 31, 2017, the \$5 million average gross receipts threshold for corporations and partnerships with corporate partners that are not allowed to use the cash method of accounting would be increased to \$15 million (indexed for inflation) and would be extended to farming C corporations and farming partnerships with C corporation partners. Such entities would be required to meet the threshold for the three prior tax-year period. Family farm corporations will continue to be allowed to use the cash method of accounting if they meet a \$25 million (indexed for inflation) average gross receipts test.</p> <p>[§13102]</p>	<p>Same as House.</p> <p>[§13102]</p>	<p>§448, §447</p>

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Accounting for Inventories	<p>Currently, taxpayers with average gross receipts of less than \$10 million (\$1 million in certain industries) are permitted to account for inventories as materials and supplies that are not incidental. The bill would increase the average gross receipts threshold from \$10 million to \$25 million (indexed for inflation), regardless of industry, and allow such taxpayers to either treat inventories as materials and supplies that are not incidental or conform to the taxpayer's financial accounting treatment.</p> <p>[§3202]</p>	<p>Effective for tax years beginning after Dec. 31, 2017, the bill would exempt certain taxpayers from the requirement to keep inventories. Specifically, taxpayers that meet the \$15 million (indexed for inflation) gross receipts test would not be required to account for inventories, but rather could use a method of accounting for inventories that either (1) treats inventories as non-incidental materials and supplies, or (2) conforms to the taxpayer's financial accounting treatment of inventories.</p> <p>[§13103]</p>	<p>Same as House.</p> <p>[§13102]</p>	§471
UNICAP	<p>The bill would increase the average gross receipts threshold for the UNICAP rules from \$10 million to \$25 million (indexed for inflation). Exemptions from the UNICAP rules that are not tied to a gross receipts test will be retained.</p> <p>[§3202]</p>	<p>Effective for tax years beginning after Dec. 31, 2017, the bill would increase the average gross receipts threshold for the UNICAP rules from \$10 million to \$15 million (indexed for inflation). Exemptions from the UNICAP rules not tied to a gross receipts test will be retained.</p> <p>[§13104]</p>	<p>Same as House.</p> <p>[§13102]</p>	§263A

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Expensing Costs of Replanting Citrus Plants	Not addressed.	<p>Would allow minority co-owners to deduct (rather than capitalize) the replanting costs for citrus plants lost or damaged due to freezing temperatures, disease, droughts, pest, or casualty if: (1) the majority co-owner has an equity interest of not less than 50% in the replanted plants and the minority co-owner holds any part of the remaining equity interest (note that this rule essentially removes the material participation requirement that applies for purposes of the other special rule for minority co-owners contained in §263A(d)(2)(B)); or (2) the minority co-owner acquires all of the majority co-owner's equity interest in the land on which the loss or damage and replanting occurred. Effective for costs paid or incurred after the date of enactment but not later than 10 years from the date of enactment.</p> <p>[§13207]</p>	<p>Same as Senate.</p> <p>[§13207]</p>	§263A

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Craft Beverage Modernization: Exempt Aging Period from UNICAP	Not addressed.	The aging periods of beer, wine, and distilled spirits would be excluded from calculation of the production period for purposes of the UNICAP interest capitalization rules. The exclusion would apply to interest costs paid or accrued after 2017 and expires after 2019. [§13801]	Same as Senate. [§13801]	§263A
Accounting for Long-term Contracts	The \$10 million average gross receipts exception to the requirement to use the percentage-of-completion accounting method for long-term contracts to be completed within two years would be increased to \$25 million (indexed for inflation) for contracts entered into after 2017, and businesses that meet such exception would be permitted to use the completed-contract method (or any other permissible exempt contract method). [§3202]	The \$10 million average gross receipts exception to the requirement to use the percentage-of-completion accounting method for long-term contracts to be completed within two years would be increased to \$15 million (indexed for inflation) for contracts entered into after 2017, and businesses that meet such exception would be permitted to use the completed-contract method (or any other permissible exempt contract method). [§13105]	Same as House. [§13102]	§460

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Local Lobbying Expenses	The bill would eliminate the deduction for lobbying expenses regarding legislation before local government bodies, including Indian tribal governments, effective for amounts paid or incurred after 2017. [§3305]	Same as House, except the bill would be effective for amounts paid or incurred on or after the date of enactment. [§13308]	Same as Senate. [§13308]	§162
Other Accounting Methods	Not addressed.	Effective for tax years beginning after Dec. 31, 2017, the all events test with respect to any item of gross income would not be treated as met any later than the tax year in which that item is taken into account as revenue in an applicable financial statement or other financial statement specified by the IRS. An exception would apply for any item of income for which a special method of accounting is used (other than the special methods of accounting for bonds and other debt instruments contained in §1271-§1288). Thus, taxpayers would be required to apply the revenue recognition rules under §451 before applying the rules under §1271-§1288 (including the OID rules under §1272). An exception applies to any item of gross income in connection with a mortgage servicing contract. In the case of income from a debt instrument having OID, these rules would apply to tax years beginning after Dec. 31, 2018, and any §481	Same as Senate. [§13221]	§451, §1271-§1288

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Other Accounting Methods (cont.)		<p>adjustment made due to a change in method of accounting would be taken into account over six years. Would codify the current deferral method of accounting for advance payments for goods and services provided under Rev. Proc. 2004-34, which allows taxpayers to defer the inclusion of income associated with certain advance payments to the end of the tax year following the tax year of receipt if such income also is deferred for financial statement purposes.</p> <p>[§13221]</p>		

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
<p>Certain Contributions by Governmental Entities Not Treated as Contributions to Capital</p>	<p>For contributions made and transactions entered into after the date of enactment, contributions to capital of a corporation would be included in corporation's gross income unless exchanged for stock (repealing §118). Contributions in excess of fair market value of stock issued would be included in gross income. Basis in property contributed to capital would be greater of either basis of transferor increased by gain recognized, or amount included in gross income.</p> <p>[§3304]</p>	<p>Not addressed.</p>	<p>Would provide that term "contributions to capital" does not include (1) any contribution in aid of construction or any other contribution as a customer or potential customer, and (2) any contribution by any governmental entity or civic group (other than a contribution made by a shareholder as such). Would modify, but preserve §118, which would continue to only apply to corporations.</p> <p>Effective for contributions made after date of enactment except for contributions made after date of enactment by a governmental entity pursuant to a master development plan that has been approved prior to such date by a governmental entity.</p> <p>[§13312]</p>	<p>§76 (new), §118</p>

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Cost Basis of Specified Securities	Not addressed.	<p>The bill would require that the cost of any specified security sold, exchanged, or otherwise disposed of after Dec. 31, 2017, be determined on a first-in first-out basis except to the extent the average basis method is otherwise allowed. The bill would exempt RICs from the first-in first-out rule.</p> <p>The bill would restrict a broker's basis reporting method to the first-in first-out method in the case of the sale of any stock for which the average basis method is not permitted.</p> <p>[§13533]</p>	The conference agreement does not include the Senate bill provision.	§1001, §1012, §1016, §6045
Rollover of Publicly Traded Securities Gain into SSBICs	<p>For sales after 2017, repeal of rule permitting rollover of gains on publicly traded securities to an SSBIC.</p> <p>[§3310]</p>	Not addressed.	<p>Same as House.</p> <p>[§13313]</p>	§1044 (repeal)
Temporary 100% Expensing for Certain Business Assets	The bill would extend the availability of first-year additional depreciation for qualified property and specified fruit- and nut-bearing plants for three additional years, and would increase the first-year additional depreciation percentage to 100%, effectively allowing taxpayers to deduct immediately the full cost of qualified	<p>The bill would initially allow full expensing for property placed in service after Sept. 27, 2017, reducing the percentage that may be expensed for property placed in service after Jan. 1, 2023, as follows:</p> <ul style="list-style-type: none"> For property placed in service after Sept. 27, 2017, 	<p>The conference agreement follows the schedule in the Senate bill.</p> <p>The conference agreement would eliminate the requirement that the original use of the qualified property commence with the taxpayer. The conference agreement would follow the present-law phase-down of bonus</p>	§168(k)

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
<p>Temporary 100% Expensing for Certain Business Assets (cont.)</p>	<p>property acquired and placed in service after Sept. 27, 2017, and before Jan. 1, 2023 (Jan. 1, 2024 for longer production period property). The bill would expand the property that is eligible for this additional depreciation (“qualified property”) to include used property acquired by the taxpayer, provided the property was not used by the taxpayer before the taxpayer acquired it.</p> <p>Qualified property would exclude property used in a real property trade or business, certain regulated utility property, and property used in a trade or business that has floor plan financing indebtedness.</p> <p>Under the bill, the taxpayer’s election to claim prior year minimum tax credits in lieu of bonus depreciation would be repealed. The repeal of this election would be effective for tax years beginning after 2017.</p> <p>[§3101]</p>	<p>and before Jan. 1, 2023, 100% expensing.</p> <ul style="list-style-type: none"> • For property placed in service after Dec. 31, 2022, and before Jan. 1, 2024, 80% expensing. • For property placed in service after Dec. 31, 2023, and before Jan. 1, 2025, 60% expensing. • For property placed in service after Dec. 31, 2024, and before Jan. 1, 2026, 40% expensing. • For property placed in service after Dec. 31, 2025, and before Jan. 1, 2027, 20% expensing. <p><u>Property with Longer Production Periods</u></p> <ul style="list-style-type: none"> • For property placed in service after Sept. 27, 2017, and before Jan. 1, 2024, 100% expensing. • For property placed in service after Dec. 31, 2023, and before Jan. 1, 2025, 80% expensing. • For property placed in service after Dec. 31, 2024, and before Jan. 1, 2026, 60% expensing. • For property placed in 	<p>depreciation to property acquired before Sept. 28, 2017, and placed in service after Sept. 27, 2017, as well as the present-law phase-down of the §280F increase amount in the limitation on the depreciation deductions allowed with respect to certain passenger automobiles acquired before Sept. 28, 2017, and placed in service after Sept. 27, 2017.</p> <p>Under the conference agreement, the taxpayer’s election to claim prior year minimum tax credits in lieu of bonus depreciation would be repealed. The repeal of this election would be effective for tax years beginning after 2017.</p> <p>Taxpayers could elect 50% in lieu of 100% expensing for qualified property placed in service during the first tax year ending after Sept. 27, 2017.</p> <p>The committee agreement does not include a provision for floor plan financing.</p> <p>[§13201]</p>	

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
<p>Temporary 100% Expensing for Certain Business Assets (cont.)</p>		<p>service after Dec. 31, 2025, and before Jan. 1, 2027, 40% expensing.</p> <ul style="list-style-type: none"> For property placed in service after Dec. 31, 2026, and before Jan. 1, 2028, 20% expensing. <p><u>Plants Bearing Fruits and Nuts</u></p> <ul style="list-style-type: none"> For plants planted or grafted after Sept. 27, 2017, and before Jan. 1, 2023, 100% expensing. For plants planted or grafted after Dec. 31, 2022, and before Jan. 1, 2024, 80% expensing. For plants planted or grafted after Dec. 31, 2023, and before Jan. 1, 2025, 60% expensing. For plants planted or grafted after Dec. 31, 2024, and before Jan. 1, 2026, 40% expensing. For plants planted or grafted after Dec. 31, 2025, and before Jan. 1, 2027, 20% expensing. <p>For each of the above (qualified property, qualified property with longer production periods, and plants bearing fruits and nuts), taxpayers could elect 50% in lieu of 100%</p>		

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
<p>Temporary 100% Expensing for Certain Business Assets (cont.)</p>		<p>expensing for qualified property placed in service during the first tax year ending after Sept. 27, 2017.</p> <p>The bill would exclude certain public utility property from the definition of qualified property.</p> <p>The bill would also amend the definition of qualified property to exclude any property used in a trade or business that had floor plan financing indebtedness (indebtedness used to finance the acquisition of motor vehicles by retail outlets and secured by those vehicles) that was deducted as business interest.</p> <p>The bill would expand the definition of qualified property to include qualified film, television, and live theatrical productions initially released, broadcast, or staged live after Sept. 27, 2017.</p> <p>[§13201, §13311]</p>		

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Depreciation Limitation for Luxury Automobiles and Personal Use Property	<p>The bill would raise the \$8,000 first-year depreciation increase for passenger automobiles eligible for bonus depreciation to \$16,000, effective for vehicles acquired and placed in service after Sept. 27, 2017, but before Jan. 1, 2023.</p> <p>[§3101]</p>	<p>The bill would increase the depreciation limitations under §280F for passenger automobiles placed in service after Dec. 31, 2017, to \$10,000 for the year in which the vehicle is placed in service, \$16,000 for the second year, \$9,600 for the third year, and \$5,760 for the fourth and later years. The bill provides that the amounts will be indexed for inflation for automobiles placed in service after 2018.</p> <p>Also effective for property placed in service after Dec. 31, 2017, the bill would remove computer or peripheral equipment from the definition of listed property.</p> <p>[§13202]</p>	<p>Same as Senate.</p> <p>[§13202]</p>	<p>§168(k)(2)(F), §280F</p>
Recovery Period for Farming Property	<p>Not addressed.</p>	<p>The bill would repeal the requirement that property used in a farming business use the 150% declining balance method, and would provide a five year recovery period for machinery or equipment used in a farming business, effective for property placed in service after Dec. 31, 2017.</p> <p>[§13203]</p>	<p>Same as Senate.</p> <p>[§13203]</p>	<p>§168(b)</p>

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Depreciation Deductions for Nonresidential Real Property and Residential Rental Property	Not addressed.	<p>The bill would:</p> <ul style="list-style-type: none"> • shorten the recovery period for nonresidential real property and residential rental property under both §168 and §467(e) to 25 years; • provide a 10-year recovery period for qualified improvement property; • eliminate the separate definitions of “qualified leasehold improvement property”, “qualified restaurant property”, and “qualified retail improvement property”; • provide a 20-year ADS recovery period for all qualified improvement property; • require a real property trade or business electing out of the interest expense deduction limitation to use ADS to depreciate its nonresidential real property, residential rental property, and qualified improvement property; and • lower the ADS recovery period to 30 years for residential rental property. 	<p>Same as Senate except that it maintains the present law general MACRS recovery period of 39 and 27.5 years for nonresidential real and residential property and provides a 15-year recovery period for qualified improvement property.</p> <p>[§13204]</p>	§168, §467(e)

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Deductions for Nonresidential Real Property and Residential Rental Property (cont.)		<p>These changes would apply to property placed in service after Dec. 31, 2017. The changes related to electing real property trade or business would apply to tax years beginning after Dec. 31, 2017.</p> <p>[§13204]</p>		
Use of Alternative Depreciation System for Electing Farming Businesses	Not addressed.	<p>The bill would require an electing farming business to use ADS to depreciate property with a recovery period of 10 years or more, effective for tax years beginning after Dec. 31, 2017.</p> <p>[§13205]</p>	<p>Same as Senate.</p> <p>[§13205]</p>	§168(g)

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
<p>Modification of the Energy Investment Tax Credit</p>	<p>The bill would harmonize the expiration dates and phase-out schedules for different properties.</p> <p>Under the bill, the 30% investment tax credit (ITC) for solar energy, fiber-optic solar energy, qualified fuel cell, and qualified small wind energy property would be available for property the construction of which begins before 2020 and would then be phased out for property the construction of which begins before 2022, with no ITC available for property the construction of which begins after 2021 (2027 for solar energy property).</p> <p>Additionally, the 10% ITC for qualified microturbine, combined heat and power system, and thermal energy property would be made available for property the construction of which begins before 2022.</p> <p>Finally, the permanent 10% ITC available for geothermal energy property would be eliminated for property the construction of which begins after 2027.</p> <p>[§3502]</p>	<p>Not addressed.</p>	<p>Conference agreement does not include the House bill provision.</p>	<p>§48</p>

Corporate and Business

Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Extension and Phaseout of Residential Energy Efficient Property	<p>Under the bill, the credit for residential energy efficient property would be extended for all qualified property placed in service before 2022, subject to a reduced rate of 26% for property placed in service during 2020 and 22% for property placed in service during 2021.</p> <p>The provision would be effective for property placed in service after 2016.</p> <p>[§3503]</p>	Not addressed.	Conference agreement does not include the House bill provision.	§25D
Repeal of Enhanced Oil Recovery Credit	<p>The bill would repeal the enhanced oil recovery credit. The provision would be effective for tax years after 2017.</p> <p>[§3504]</p>	Not addressed.	Conference agreement does not include the House bill provision.	§43
Repeal of Credit for Producing Oil and Gas from Marginal Wells	<p>The bill would repeal the credit for producing oil and gas from marginal wells. The provision would be effective for tax years after 2017.</p> <p>[§3505]</p>	Not addressed.	Conference agreement does not include the House bill provision.	§45I

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Modifications of Credit for Production from Advanced Nuclear Power Facilities	<p>Under the bill, the credit allocation process would be clarified and a new credit transfer provision would be added with respect to certain public entities.</p> <p>Certain public entities would be eligible for an election to transfer advanced nuclear production tax credits to specified project participants.</p> <p>The provisions would be effective for tax years beginning after date of enactment.</p> <p>[§3506]</p>	Not addressed.	Conference agreement does not include the House bill provision.	§45J
Modifications to Credit for Electricity Produced from Certain Renewable Resources	<p>Under the bill, the inflation adjustment to the base amount of the Production Tax Credit would be repealed, effective for electricity and refined coal produced at a facility the construction of which begins after Nov. 2, 2017. For electricity produced at such facilities, the credit would revert to 1.5 cents per kilowatt-hour.</p> <p>[§3501]</p>	Not addressed.	Conference agreement does not include the House bill provision.	§45
Limitation on Business Interest Expense Deduction	<p>The bill would limit the deduction for net interest expenses incurred by a business to the sum of business interest income, 30% of the business's adjusted taxable income, and floor plan financing interest.</p>	<p>Same as House, with modifications:</p> <p>Businesses with average annual gross receipts of \$15 million or less would be exempt from the limit.</p> <p>Disallowed interest could be carried</p>	<p>Generally follows Senate, with modifications:</p> <p>In addition to other adjustments, for tax years beginning before Jan. 1, 2022, adjusted taxable income is</p>	§163(j)

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
<p>Limitation on Business Interest Expense Deduction (cont.)</p>	<p>Business interest not allowed as a deduction in a tax year would be carried forward for up to five tax years. Businesses with average annual gross receipts of \$25 million or less would be exempt from the limit.</p> <p>Effective for tax years beginning after 2017.</p> <p>[§3301, §3203]</p>	<p>forward indefinitely.</p> <p>In defining adjusted taxable income, the bill would not add back deductions allowable for depreciation, amortization, or depletion, but would add back any deduction under §199, and any deduction under new §199A with respect to qualified business income of a pass-through entity.</p> <p>The bill would allow real property trades or business that use the ADS and farming businesses to elect not to be subject to the business interest deduction limitation. The bill would require farming businesses that make this election to use the ADS to depreciate property used in the farming business with a recovery period of 10 years or more.</p> <p>The bill would also provide that electing farming businesses include:</p> <ul style="list-style-type: none"> • §263A(e)(4) farming businesses that make an election to not be subject to the business interest deduction limitation; and • Trades or businesses of §199A(g)(2) specified agricultural or horticultural cooperatives with respect to which a cooperative makes an election to not be subject 	<p>computed without regard to any deduction allowable for depreciation, amortization, or depletion.</p> <p>[§13301]</p>	

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Limitation on Business Interest Expense Deduction (cont.)		<p>to the business interest deduction limitation.</p> <p>The interest deduction limit would not apply to certain regulated public utilities or to certain electric cooperatives.</p> <p>[§13301, §13311]</p>		
Deductions for Income Attributable to Domestic Production Activities	<p>Effective for tax years beginning after 2017, the bill would repeal the deduction allowed for domestic production activities.</p> <p>The deduction would be extended for activities in Puerto Rico for tax years beginning before Jan. 1, 2018.</p> <p>[§3306, §4401]</p>	<p>The bill would repeal the deduction for domestic production activities for taxpayers other than C corporations, including for agricultural or horticultural cooperatives and their patrons, effective for tax years beginning after Dec. 31, 2017.</p> <p>The bill would repeal the deduction for domestic production activities for all taxpayers for tax years after Dec. 31, 2018.</p> <p>[§13305]</p>	<p>Deduction repealed for all taxpayers for tax years beginning after Dec. 31, 2017. Deduction not extended for Puerto Rico activities.</p> <p>[§13305]</p>	§199

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Section 179 Expensing	<p>Effective for tax years 2018 through 2022, the bill would increase the business expensing limitation to \$5 million and the phaseout amount to \$20 million. The new limitations would be indexed for inflation.</p> <p>Effective beginning after Nov. 2, 2017, §179 property would include qualified energy efficient heating and air-conditioning property.</p> <p>[§3201]</p>	<p>The bill would increase the amount that a taxpayer may expense under §179 to \$1,000,000. The bill would also increase the phaseout threshold to \$2,500,000. These amounts would be indexed for inflation for tax years beginning after 2018. The \$25,000 cost limitation for SUVs would also be indexed for inflation beginning in 2019.</p> <p>The bill would also expand the definition of qualified real property to include all qualified improvement property and certain improvements (roofs, heating, ventilation, and air-conditioning property, fire protection and alarm systems, and security systems) made to nonresidential real property.</p> <p>[§13101]</p>	<p>Same as Senate.</p> <p>[§13101]</p>	§179

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
NOL Deduction	<p>The bill would allow a taxpayer to deduct an NOL carryover or carryback of up to 90% of the taxpayer's taxable income. Additionally, the bill would generally repeal all carrybacks but for a special one-year carryback for small businesses and farms in the event of certain casualty and disaster losses arising in tax years beginning after 2017. Under the bill, any net operating loss, specified liability loss, excess interest loss, or eligible loss carryback would be permitted in a tax year beginning in 2017, unless the NOL is attributable to the increased expensing allowed under §3101 of the bill. The bill would also allow NOLs arising in tax years beginning after 2017 that are carried forward to be increased by an interest factor. Also, under the bill, NOL carryforwards could be carried forward indefinitely, rather than 20 years as is the case currently.</p> <p>[§3302]</p>	<p>The bill would limit the NOL deduction to 90% (80% in tax years beginning after Dec. 31, 2022) of taxable income and provide that amounts carried to other years be adjusted to account for the limitation for losses arising in tax years beginning after Dec. 31, 2017.</p> <p>NOLs of property and casualty insurance companies may be carried back two years and carried forward 20 years to offset 100% of taxable income in such years.</p> <p>The bill would eliminate carrybacks (except for farming NOLs, which would be permitted a two-year carryback) and would allow unused NOLs to be carried forward indefinitely.</p> <p>[§13302]</p>	<p>Same as Senate, except that NOL deductions would be limited to 80% of the taxpayer's taxable income for all tax years beginning after Dec. 31, 2017.</p> <p>[§13302]</p>	§172

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Like-Kind Exchanges of Real Property	<p>The bill would limit the nonrecognition of gain for like-kind exchanges to real property that is not held primarily for sale. The bill would generally apply to exchanges completed after Dec. 31, 2017. However, an exception would be provided for any exchange if either the property being exchanged or the property received is exchanged or received on or before Dec. 31, 2017.</p> <p>[§3303]</p>	<p>Same as House.</p> <p>[§13303]</p>	<p>Same as Senate and House.</p> <p>[§13303]</p>	§1031
Entertainment, etc. Expenses	<p>The bill would disallow deductions for entertainment, amusement, or recreation activities under all circumstances. In addition, no deduction would be allowed for transportation fringe benefits, benefits in the form of on-premises gyms and other athletic facilities, or for personal amenities provided to an employee that are not directly related to the employer's trade or business, except to the extent that the benefit is treated as taxable compensation to the employee. The bill would also disallow deductions for reimbursed entertainment expenses paid as part of a reimbursement arrangement involving a tax-indifferent party. This provision would be effective for amounts paid or incurred after 2017.</p>	<p>No deduction would be allowed for entertainment, amusement, or recreation; membership dues for a club organized for business, pleasure, recreation, or other social purposes; or a facility used in connection with any of the above.</p> <p>The bill would repeal the exception to the deduction disallowance for entertainment, amusement, or recreation that is directly related to (or, in certain cases, associated with) the active conduct of the taxpayer's trade or business (and the related rule applying a 50% limit).</p> <p>Deduction for 50% of food and beverage expenses associated with operating a trade or business generally would be retained.</p>	<p>Same as Senate.</p> <p>[§13304]</p>	§274

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Entertainment, etc. Expenses (cont.)	[§3307]	<p>The bill would expand the 50% limit to include employer expenses associated with providing food and beverages to employees through an eating facility meeting de minimis fringe requirements.</p> <p>The bill would disallow deductions for expenses associated with providing any qualified transportation fringe to employees, and except for ensuring employee safety, any expense incurred for providing transportation (or any payment or reimbursement) for commuting between the employee’s residence and place of employment.</p> <p>The bill would disallow employer deductions for expenses associated with meals provided for the employer’s convenience on, or near, the employer’s business premises through an employer-operated facility that meets certain requirements.</p> <p>Would generally apply to amounts paid or incurred after Dec. 31, 2017, but elimination of deduction for meals provided at convenience of employer would apply to amounts paid or incurred after Dec. 31, 2025.</p> <p>[§13304]</p>		

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Deduction for FDIC Premiums	Effective for tax years beginning after Dec. 31, 2017, for institutions with consolidated assets over \$10 billion, the plan would impose a limit on the amount of FDIC premium payments that may be deducted. [§3309]	Same as House. [§13531]	Same as Senate and House. [§13531]	§162
Self-Created Property not Treated as a Capital Asset	Would treat gain or loss from the disposition of a self-created patent, invention, model or design, or secret formula or process as ordinary in character. Would preserve the election to treat musical composition and copyright in musical works as a capital asset. Effective for disposition of such property after 2017. [§3311]	Not addressed.	Same as House. [§13314]	§1221
Sale or Exchange of Patents	Effective for dispositions after 2017, the bill would repeal the special rule treating the transfer of a patent before its commercial exploitation as long-term capital gain. [§3312]	Not addressed.	The conference agreement does not include the House bill provision.	§1235

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Research and Development Credit	<p>Would preserve the research and development credit.</p> <p>[Preserved in House talking points]</p>	<p>Would preserve the research and development credit.</p> <p>[Preserved in Senate talking points]</p>	<p>Explicitly preserved in Tax Cuts and Jobs Act Policy Highlights.</p>	§41
Amortization of Research and Experimental Expenditures	<p>Specified research or experimental expenditures, including software development expenditures, would have to be capitalized and amortized over a five-year period (15 years if expenditures are attributable to research conducted outside of the United States). Land acquisition and improvement costs and mine (including oil and gas) exploration costs would not be subject to this rule. Upon retirement, abandonment, or disposition of property, any remaining basis would continue to be amortized over the remaining amortization period. This rule would apply to research or experimental expenditures paid or incurred during tax years beginning after Dec.31, 2022.</p> <p>[§3315]</p>	<p>Specified research or experimental expenditures, including software development expenditures, would have to be capitalized and amortized ratably over a five-year period (15 years if attributable to research conducted outside of the United States). Land acquisition and improvement costs, mine (including oil and gas) exploration costs would not be subject to this rule. Upon retirement, abandonment, or disposition of property, any remaining basis would continue to be amortized over the remaining amortization period.</p> <p>Would apply on a cutoff basis to expenditures paid or incurred in tax years beginning after Dec. 31, 2025.</p> <p>[§13206]</p>	<p>Same as Senate but would apply to amounts paid or incurred in tax years beginning after Dec. 31, 2021.</p> <p>[§13206]</p>	§174, §6652(q) (new)

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Low Income Housing Credit	<p>Would preserve the low-income housing tax credit.</p> <p>[Preserved in House talking points]</p>	<p>Would generally preserve the low-income housing tax credit, and provide for a credit increase for certain new buildings located in rural areas (as defined in §520 of the Housing Act of 1949). The bill would also reduce the offset of basis for buildings in high cost areas to 125%. This provision would apply to buildings placed in service after the date of enactment.</p> <p>The bill would also provide that a project would not fail to meet the general public use requirement solely because of occupancy restrictions or preferences that favor tenants who are veterans of the armed forces. The bill would remove the provision that project does not fail to meet the general public use requirement solely because of occupancy restrictions or preferences that favor tenants who are involved in artistic or literary activities.</p> <p>Effective for buildings placed in service before, on, or after the date of the enactment.</p> <p>[§13411-§13412]</p>	Not addressed.	§42

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Credit for Clinical Testing Expenses for Certain Drugs and Rare Diseases	<p>The bill would repeal the 50% credit for clinical testing expenses (“orphan drug credit”) for certain drugs and rare diseases.</p> <p>[§3401]</p>	<p>The bill would limit the orphan drug credit to 27.5% of qualified clinical testing expenses for the tax year.</p> <p>Taxpayers would also be able to elect a reduced credit in lieu of reducing otherwise allowable deductions (similar to the research credit under §280C).</p> <p>Effective for tax years beginning after Dec. 31, 2017.</p> <p>[§13401]</p>	<p>Same as Senate, but would limit the credit to 25% of qualified clinical testing expenses for the tax year.</p> <p>[§13401]</p>	§45C
Employer-Provided Child Care Credit	<p>The bill would repeal the employer-provided child care credit. Under current law, employers may claim a credit of up to \$150,000 equal to 25% of qualified expenses for employee child care and 10% of qualified expenses for child-care resource and referral services.</p> <p>[§3402]</p>	Not addressed.	Conference agreement does not include the House bill provision.	§45F

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Rehabilitation Credit	<p>The bill would repeal the rehabilitation tax credit, which provides an incentive for the rehabilitation of certain real property.</p> <p>The bill would provide a transition rule for expenditures that are incurred through the end of a 24-month period that would begin within 180 days after Jan. 1, 2018.</p> <p>[§3403]</p>	<p>The bill would provide a 20% credit (to be claimed ratably over a five-year period beginning in the tax year when the structure is placed in service) for qualified rehabilitation expenditures with respect to a historic structure.</p> <p>The proposal would generally be effective for amounts paid or incurred after Dec. 31, 2017, with a transition rule for expenditures incurred with respect to any building owned or leased by the taxpayer at all times on and after Jan. 1, 2018, through the end of a 24-month period that would begin within 180 days after enactment.</p> <p>[§13402]</p>	<p>Same as Senate, but with modifications to the transition rule.</p> <p>Provision would apply to amounts paid or incurred after Dec. 31, 2017 but with a transition rule applicable to qualified rehabilitation expenditures (for either a historic structure or a pre-1936 building), with respect to any building owned or leased by the taxpayer at all times on or after Jan. 1, 2018, through the 24-month period selected by the taxpayer (or the 60-month period selected by the taxpayer under the rule for phased rehabilitation) that is to begin not later than the end of the 180-day period beginning on the date of the enactment of the act.</p> <p>[§13402]</p>	§47
Work Opportunity Tax Credit	<p>The bill would repeal the work opportunity credit, which is a nonrefundable tax credit for a portion (40%) of wages paid to certain employees who qualify as members of disadvantaged groups.</p> <p>[§3404]</p>	Not addressed.	The conference agreement does not include the House bill provision.	§51

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Unused Business Credits	<p>Effective for tax years beginning after Dec. 31, 2017, the bill would repeal the deduction for any unused business credits that remain after they are carried back one year and forward 20 years.</p> <p>[§3405]</p>	Not addressed.	The conference agreement does not include the House bill provision.	§196
New Markets Tax Credit	<p>The bill would terminate the new markets tax credit, which is a credit available for taxpayers investing in qualified community development entities. The program was extended to 2019, but the bill would end the program at the end of 2017.</p> <p>The bill would permit the use of credits that have previously been allocated for up to seven years.</p> <p>[§3406]</p>	Not addressed.	The conference agreement does not include the House bill provision.	§45D(f)
Credit for Expenditures for Disabled Individuals	<p>The bill would eliminate the credit for expenditures to provide access to disabled individuals for expenditures incurred after 2017. Under current law, small-business taxpayers may claim a 50% credit per year for expenditures of between \$250 and \$10,250 for provided access to disabled individuals.</p> <p>[§3407]</p>	Not addressed.	The conference agreement does not include the House bill provision.	§44

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Private Activity Bond Reforms	The bill would repeal tax-exempt status for qualified private activity bonds and terminate the qualified bond classifications. [§3601]	Not addressed.	Explicitly preserved in Tax Cuts and Jobs Act Policy Highlights.	§103(b)(1), §141, §142-§147
Advance Refunding Bonds	The bill would repeal advance refunding bonds for all types of bond issues. [§3602]	The bill would repeal the exclusion from gross income of interest on a bond issued to advance refund another bond. The bill would make this change effective for advance refunding bonds issued after Dec. 31, 2017. [§13532]	Same as Senate. [§13532]	§149(d)
Tax Credit Bonds	The bill would repeal the authority to issue new tax credit bonds. [§3603]	Not addressed.	Same as House for bonds issued after Dec. 31, 2017. [§13404]	§54-§54AA
Professional Sports Stadium Construction	The bill would disallow tax-exempt status for bond issues where the proceeds financed a professional sports facility which is used for professional sports exhibitions, games, or training at least five days during any calendar year. [§3604]	Not addressed.	The conference agreement does not include the House bill provision.	§103(b)

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Net Operating Losses of Life Insurance Companies	<p>The bill would modify the net operating loss deduction of life insurance companies by adopting the general rules provided for in §172 and repealing the current loss rules in §810 and §844.</p> <p>[§3701]</p>	<p>The bill would permit NOL deductions for life insurance companies under §172, which would be determined by treating the NOL for any tax year generally as the excess of the life insurance deductions for that year over the life insurance gross income for that year.</p> <p>The proposal would be effective for losses arising in tax years beginning after Dec. 31, 2017.</p> <p>The bill would preserve present law for the NOLs of property and casualty insurance companies in which those NOLs are carried back two years and carried over 20 years to offset 100% of taxable income in such years.</p> <p>[§13511]</p>	<p>Same as Senate.</p> <p>[§13511]</p>	<p>§172, §805, §810, §844</p>
Small Life Insurance Companies	<p>Effective for tax years beginning after Dec. 31, 2017, the bill would repeal the small life insurance company deduction.</p> <p>[§3702]</p>	<p>Effective for tax years beginning after Dec. 31, 2017, the bill would repeal the small life insurance company deduction.</p> <p>[§13512]</p>	<p>Same as Senate.</p> <p>[§13512]</p>	<p>§806</p>
Surtax on Life Insurance Taxable Income	<p>The bill would add an 8% surtax on life insurance company taxable income.</p> <p>[§3703]</p>	<p>Not addressed.</p>	<p>Conference agreement does not include the House bill provision.</p>	<p>§801</p>

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Adjustment in Computing Life Insurance Company Reserves	<p>The bill would treat an adjustment in computing life insurance company reserves as a change in method of accounting subject to a §481 adjustment and made with the consent of the IRS.</p> <p>[§3704]</p>	<p>The bill provides that effective for tax years beginning after Dec. 31, 2017, income or loss resulting from a change in method of computing life insurance company reserves would be taken into account consistent with IRS procedures (generally ratably over a four-year period).</p> <p>[§13513]</p>	<p>Same as Senate.</p> <p>[§13513]</p>	§807(f)
Computation of Life Insurance Tax Reserves	Not addressed.	<p>Generally effective for tax years beginning after Dec. 31, 2017, the bill would modify items taken into account in the computation of life insurance tax reserves.</p> <p>[§13517]</p>	<p>The conference report generally follows the Senate but makes several modifications to items taken into account in the computation of life insurance tax reserves.</p> <p>Generally effective for tax years beginning after Dec. 31, 2017.</p> <p>[§13517]</p>	§807
Dividends Received Deduction for Life Insurance Companies	Not addressed.	<p>The bill would amend §812 to provide that, for purposes of §805(a)(4), the term “company’s share” means 70%, with respect to any tax year beginning after Dec. 31, 2017.</p> <p>The bill would also amend §812 to provide that, for purposes of §807, the term “policy holder’s share” means 30%, with respect to any tax year beginning after Dec. 31, 2017.</p> <p>[§13518]</p>	<p>Same as Senate.</p> <p>[§13518]</p>	§812

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Property and Casualty Insurance Companies	<p>The bill would modify the proration and the discounting rules used by property and casualty insurance companies.</p> <p>[§3706, §3707]</p>	<p>The bill would modify the proration and discounting rules by requiring a reduction in losses equal to 5.25% divided by the applicable top corporate tax rate.</p> <p>Effective for tax years beginning after Dec. 31, 2017.</p> <p>[§13515]</p>	<p>Same as Senate with regard to the modification of proration rules for property and casualty insurance companies.</p> <p>Follows House for discounting rules for property and casualty insurance companies, but with several modifications.</p> <p>[§13515, §13523]</p>	§832(b)(5), §846
Estimated Tax Payments of Insurance Companies	<p>The bill would repeal the special estimated tax payment rule applicable to insurance companies required to discount unpaid losses.</p> <p>[§3708]</p>	<p>Effective for tax years beginning after Dec. 31, 2017, the bill would repeal the §847 election and related items under present law.</p> <p>[§13516]</p>	<p>Same as Senate.</p> <p>[§13516]</p>	§847
Certain Policy Acquisition Expenses	<p>Not addressed.</p>	<p>The bill would extend the amortization period for specified policy acquisition expenses to the 180-month period beginning with the first month in the second half of the tax year. Additionally, the bill would add a special transition rule for specified policy acquisition expenses first required to be capitalized in a tax year beginning before Jan. 1, 2018.</p> <p>[§13519]</p>	<p>Same as Senate, but with modifications to the deductible percentage of net premiums for certain types of contracts.</p> <p>[§13519]</p>	§848

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
<p>Special Rule for Distributions to Shareholders from Pre-1984 Policyholders Surplus Account</p>	<p>The bill would repeal §815 and related items effective for tax years beginning after Dec. 31, 2017.</p> <p>For any stock life insurance company that has a balance (determined at the close of the last tax year beginning before Jan. 1, 2018) in an existing policyholders surplus account, the tax imposed by §801 for the first eight tax years beginning after Dec. 31, 2017, would be the amount that would be imposed by §801 for such year on the sum of the life insurance company taxable income for such year plus 1/8 of such balance.</p> <p>[§3705]</p>	<p>The bill would repeal special rules imposing income tax on distributions to shareholders from the policyholders surplus account of a stock life insurance company. Effective for tax years beginning after Dec. 31, 2017.</p> <p>For any stock life insurance company with an existing policyholders surplus account, tax would be imposed on the balance of the account as of Dec. 31, 2017. A life insurance company would be required to pay tax on the balance of the account ratably over the first eight years beginning after Dec. 31, 2017.</p> <p>[§13514]</p>	<p>Same as Senate.</p> <p>[§13514]</p>	<p>§815</p>

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
<p>Tax Reporting for Life Settlement Transactions, Tax Basis of Life Insurance Contracts, and Exception to Transfer for Valuable Consideration Rules</p>	<p>Not addressed.</p>	<p>The bill would impose reporting requirements on the purchase of an existing life insurance contract in a reportable policy sale. The bill would additionally impose reporting requirements on the payor in the case of the payment of reportable death benefits.</p> <p>Reporting requirements would be effective for reportable policy sales occurring after Dec. 31, 2017, and reportable death benefits paid after Dec. 31, 2017. Effective for transfers occurring after Dec. 31, 2017, the bill would modify the transfer for value rules in a transfer of an interest in a life insurance contract in a reportable policy sale.</p> <p>Effective for transactions entered into after Aug. 25, 2009, the bill would set forth rules for determining the basis of a life insurance or annuity contract.</p> <p>[§13520, §13521, §13522]</p>	<p>Same as Senate.</p> <p>[§13520, §13521, §13522]</p>	<p>§101, §6050Y (new)</p>

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Denial of Deduction for Settlements Subject to a Nondisclosure Agreement Paid in Connection with Sexual Harassment or Sexual Abuse	Not addressed.	<p>The bill would disallow a deduction for any settlement, payout, or attorney fees related to sexual harassment or sexual abuse if the payments are subject to a nondisclosure agreement. Effective for amounts paid or incurred after the date of enactment.</p> <p>[§13307]</p>	<p>Same as Senate.</p> <p>[§13307]</p>	§162
Employer Credit for Paid Family and Medical Leave	Not addressed.	<p>The bill would permit eligible employers (employers that allow all qualifying full-time employees at least two weeks annual paid family and medical leave and allow part-time employees a commensurate amount of leave on a pro rata basis) to claim a business credit for 12.5% of the wages paid to qualifying employees during any period in which such employees are on family and medical leave if the payment rate under the program is 50% of the wages normally paid to an employee. The credit would be increased by 0.25 percentage points (but not above 25%) for each percentage point by which the rate of payment exceeds 50%.</p> <p>Effective for wages paid in tax years beginning after Dec. 31, 2017. Would not apply to wages paid in tax years</p>	<p>Same as Senate.</p> <p>[§13403]</p>	§45S (new)

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Employer Credit for Paid Family and Medical Leave (cont.)		beginning after Dec. 31, 2019. [§13403]		
Modification of Tax Treatment of Alaska Native Corporations and Alaska Native Settlement Trusts	Not addressed.	The bill would allow an Alaska Native Corporation to exclude from its gross income certain payments described in the Alaska Native Claims Settlement Act (ANCSA) that it assigns to an Alaska Native Settlement Trust, provided the assignment is in writing and the Native Corporation does not receive the payment before assignment. The assigned payment would be includible in the Settlement Trust's gross income when received. Would also allow a Native Corporation to elect to deduct contributions to a Settlement Trust, up to the amount of its taxable income. Any unused deduction could be carried forward 15 years. The Settlement Trust would have to report income equal to the deduction taken by the Native Corporation. For noncash contributions, the Settlement Trust would take a carryover basis in the property and could elect to defer recognition of income until it disposes of the property. However, if the Settlement Trust were to dispose of property	Same as Senate. [§13821]	§646, §139G (new), §247 (new)

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
<p>Modification of Tax Treatment of Alaska Native Corporations and Alaska Native Settlement Trusts (cont.)</p>		<p>subject to this election within the first tax year after the tax year of contribution, the election would be voided, and the Settlement Trust would have to file an amended return for the year of contribution and pay any applicable tax on the disposition plus interest and a 10% penalty.</p> <p>Under a reporting requirement, a Native Corporation electing to deduct contributions to a Settlement Trust would be required to furnish an information statement to the Settlement Trust.</p> <p>The income exclusion would be effective for tax years beginning after Dec. 31, 2016. The deductibility of contributions would be effective for tax years for which the Native Corporation's refund statute of limitations period has not expired, and there would be a one-year waiver of the refund statute of limitations period in the event that the period expires before the end of the one-year period beginning on the date of enactment. The reporting requirement would apply to tax years beginning after Dec. 31, 2016.</p> <p>[§13821]</p>		

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Deductibility of Fines and Penalties for Federal Income Tax Purposes	Not addressed.	<p>The bill would deny a deduction for amounts paid in relation to the violation of a law or investigation into the potential violation of a law, if a government (or similar entity) is a complainant or investigator with respect to the violation or potential violation.</p> <p>An exception would apply to restitution (including remediation of property) identified in a court order or settlement agreement as restitution, remediation, or required to come into compliance with any law. Restitution for failure to pay tax, assessed under the Internal Revenue Code, would be deductible only to the extent it would have been allowable if it had been timely paid.</p> <p>Another exception would apply to any amount paid or incurred as taxes due.</p> <p>Effective for amounts paid or incurred on or after the date of enactment, except that the amendments would not apply to amounts paid or incurred under any binding order or agreement entered into before such date. This exception would not apply to an order or agreement requiring court approval unless the approval was obtained before such date.</p> <p>[§13306]</p>	<p>Same as Senate.</p> <p>[§13306]</p>	§162, §6050X (new)

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Aircraft Management Services	Not addressed.	<p>The bill would exempt certain payments related to the management of private aircraft from the excise taxes imposed on taxable air transportation. Exempt payments would include amounts paid by an aircraft owner for management services related to maintenance and support of the owner's aircraft or flights on the owner's aircraft.</p> <p>Effective for amounts paid after the date of enactment.</p> <p>[§13822]</p>	<p>Same as Senate.</p> <p>[§13822]</p>	§4261
Qualified Opportunity Zones	Not addressed.	<p>The bill would allow governors (or the Secretary, if a governor fails to submit nominations for certification and designation within a certain time period) to nominate a certain number of low-income community population census tracts as qualified opportunity zones. The bill would provide temporary deferral of inclusion in gross income for capital gains that are reinvested in a qualified opportunity fund (investment vehicle organized as a corporation or a partnership for the purpose of investing in qualified opportunity zone property that holds at least 90% of its assets in qualified opportunity zone property) and the permanent exclusion of capital gains from the</p>	<p>Same as Senate with certain modifications including the following:</p> <p>Each population census tract in each U.S. possession that is a low-income community is deemed certified and designated as a qualified opportunity zone effective on the date of enactment.</p> <p>The deferral of inclusion of capital gains that are reinvested in a qualified opportunity fund is not available for any sale or exchange made after Dec. 31, 2026.</p> <p>The exclusion of capital gain recognition on the sale or exchange of an investment in the qualified opportunity fund on is not available for investments in qualified</p>	§1400Z-1, §1400Z-2

Corporate and Business				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Qualified Opportunity Zones (cont.)		sale or exchange of an investment in the qualified opportunity fund. Effective on the date of enactment. [§13823]	opportunity zones made after Dec. 31, 2026. [§13823]	

Pass-Through Entities				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Pass-Through Tax Treatment	<p>For tax years beginning after Dec. 31, 2017, 25% maximum tax rate on portion of pass-through entity net income distributions treated as business income (remaining portion of distributions would be treated as wage income subject to individual income tax rates). Owners or shareholders receiving distributions from active business activities would be able to elect to: (1) treat 30% as business income and 70% as wage income, or (2) determine ratio of business income to wage income based on capital investment. Owners or shareholders receiving distributions from passive business activities would be able to treat 100% as business income. Would exclude investment income from qualified business income. Certain personal businesses (e.g., businesses involving the performance of services in the fields of law, accounting, consulting, engineering, financial services, or performing arts) would not be eligible for the pass-through rate. Transition rules would apply.</p> <p>The bill would provide a 9% tax rate, in lieu of the proposed 12%, for the first \$75,000 (\$37,500 for unmarried individuals, \$56,250 for heads of household) in net business taxable income of an active owner or shareholder earning less than \$150,000</p>	<p>For tax years beginning after Dec. 31, 2017, and before Jan. 1, 2026, would allow a new deduction of 23% for taxpayers who have domestic “qualified business income” (QBI) from a partnership, S corporation, or sole proprietorship. The 23% deduction is also allowed for a taxpayer’s qualified REIT dividends, qualified cooperative dividends, and qualified publicly traded partnership income. Specified agricultural and horticultural cooperatives would also qualify for the 23% deduction.</p> <p>QBI would be defined as all domestic business income other than investment income (e.g., dividends (other than qualified REIT dividends and cooperative dividends), investment interest income, short-term capital gains, long-term capital gains, commodities gains, foreign currency gains, etc.</p> <p>Deduction would generally be limited to 50% of the taxpayer’s allocable or pro rata share of “W-2 wages” paid by the partnership or S corporation, or 50% of the “W-2 wages” of the sole proprietorship.</p> <p>“W-2 wages” of a partnership, S corporation, or sole proprietorship</p>	<p>Follows Senate, with modifications:</p> <p>For tax years beginning after Dec. 31, 2017, and before Jan. 1, 2026, the percentage of the deduction would be 20% (not 23%).</p> <p>The threshold amount above which both the limitation on specified service businesses and the wage limit are phased in. would be reduced to \$157,500 (\$315,000 in the case of a joint return), indexed. These limitations would be fully phased in for a taxpayer with taxable income in excess of the threshold amount plus \$50,000 (\$100,000 in the case of a joint return).</p> <p>The wage limit applicable to taxpayers with taxable income above the threshold amount would be modified to be the greater of (a) 50% of the W-2 wages paid with respect to the qualified trade or business, or (b) the sum of 25% of the W-2 wages with respect to the qualified trade or business plus 2.5% of the unadjusted basis, immediately after acquisition, of all qualified property. For this purpose, qualified property is generally defined as tangible property subject to depreciation under §167, held by a qualified</p>	<p>§1, §4 (new), §199A (new), §701, §1366, §6662A</p>

Pass-Through Entities				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Pass-Through Tax Treatment (cont.)	<p>(\$75,000 for unmarried individuals, \$112,500 for heads of household) in taxable income through a pass-through business. As taxable income exceeds \$150,000, the benefit of the 9% rate relative to the 12% rate would be reduced, and it would be fully phased out at \$225,000. Businesses of all types would be eligible for the preferential 9% rate, and such rate would apply to all business income up to the \$75,000 level. The 9% rate would be phased in, so that the rate for 2018 and 2019 would be 11% and the rate for 2020 and 2021 would be 10%.</p> <p>[§1004]</p>	<p>would be the sum of wages subject to wage withholding, elective deferrals, and deferred compensation paid by the business during the calendar year ending during the taxable year. Thus, if the partnership, S corporation, or sole proprietorship does not pay “W-2 wages,” the owner or taxpayer’s deduction would be zero.</p> <p>The “W-2 wage” limit would not apply to a taxpayer with taxable income not exceeding \$500,000 (for married individuals filing jointly) or \$250,000 (for other individuals), and the application of the “W-2 wage” limit would be phased in for individuals with taxable income exceeding these amounts.</p> <p>Deduction would apply to taxpayers with income from specified service businesses whose taxable income does not exceed \$500,000 for married individuals filing jointly or \$250,000 for other individuals (indexed for inflation). Special income phaseout rules would apply.</p> <p>The deduction would expire after Dec. 31, 2025.</p>	<p>trade or business, and used in the production of qualified business income.</p> <p>[Editor’s Note: The second alternative for calculating the wage limit was added by the Conference Committee and would permit real estate businesses with large capital investments but few employees to qualify for a deduction under this provision.]</p> <p>The definition of a specified service trade or business would be modified to exclude engineering and architecture services, and to take into account the reputation or skill of owners.</p> <p>The conference agreement would clarify (1) that the 20% deduction is not allowed in computing adjusted gross income (AGI), and instead is allowed as a deduction reducing taxable income, and (2) that the deduction would be available to both nonitemizers and itemizers.</p> <p>Trusts and estates would be eligible for the 20% deduction. Rules similar to the rules under present-law section 199 would apply for apportioning between fiduciaries and beneficiaries any W-2 wages and unadjusted basis of qualified property under the</p>	

Pass-Through Entities				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Pass-Through Tax Treatment (cont.)		[§11011]	<p>limitation based on W-2 wages and capital.</p> <p>Special rules would apply to specified agricultural or horticultural cooperatives permitting the cooperative a deduction.</p> <p>[§11011]</p>	
S Corporation Conversion to C Corporation	<p>Effective for S corporations that revoke their S corporation elections during the two-year period beginning on the enactment date and have the same owners on both the enactment date and the revocation date, distributions from a terminated S corporation would be treated as paid from its accumulated adjustment account and from its earnings and profits. Adjustments under §481(a) would be accounted for over a six-year period.</p> <p>[§3204]</p>	<p>Same as House, except that any increase in tax due to the §481(a) adjustment, rather than the §481(a) adjustment itself, would be taken into account ratably during the six-taxable-year period beginning with the year of change.</p> <p>[Editor's Note: §481(d)(1) appears to have two drafting errors: (1) the term "eligible terminated S Corporation" is not defined for purposes of §481; and (2) the provision "(2)(A)(ii)" which is cross-referenced to in the bill does not exist.]</p> <p>[§13543]</p>	<p>Same as House.</p> <p>[§13543]</p>	§481, §1371

Pass-Through Entities				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Expansion of Qualifying Beneficiaries of an Electing Small Business Trust (ESBT)	Not addressed.	Effective Jan. 1, 2018, a nonresident alien would be a potential current beneficiary of an ESBT. [§13541]	Same as Senate. [§13541]	§1361
Charitable Contribution Deduction for Electing Small Business Trusts (ESBT)	Not addressed.	The bill would provide that the charitable deduction of an ESBT will no longer be determined by the rules generally applicable to trusts, but would be determined by the rules applicable to individuals. As a result, the percentage limitations and carryforward provisions applicable to individuals apply to charitable contributions made by the portion of an ESBT holding S corporation stock. The provision would apply to tax years beginning after Dec. 31, 2017. [§13542]	Same as Senate. [§13542]	§641, §642, §170

Pass-Through Entities				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Contributions to Capital	<p>Beginning with date of enactment, contributions to capital of partnership would be included in partnership's gross income unless exchanged for interest in partnership. Contributions in excess of fair market value of interest received would be included in gross income.</p> <p>[§3304]</p>	Not addressed.	Conference agreement does not include the House bill provision.	§76 (new), §721

Pass-Through Entities				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Substantial Built-in Loss	Not addressed.	<p>A partnership generally does not adjust the basis of partnership property following the transfer of a partnership interest unless either the partnership has made an optional election to make basis adjustments, or the partnership has a substantial built-in loss immediately after the transfer. After 2017, the definition of a substantial built-in loss would be expanded, as it affects transfers of partnership interests. Under the current provision, a substantial built-in loss exists if the partnership's adjusted basis in its property exceeds by more than \$250,000 the fair market value of the partnership property. Under the bill, a substantial built-in loss would also exist if the transferee would be allocated a net loss in excess of \$250,000 upon a hypothetical disposition by the partnership of all partnership's assets in a fully taxable transaction for cash equal to the assets' fair market value, immediately after the transfer of the partnership interest.</p> <p>[§13502]</p>	<p>Same as Senate.</p> <p>[§13502]</p>	§743

Pass-Through Entities				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Basis Limitation on Partner Losses	Not addressed.	<p>After 2017, the basis limitation on the deductibility of partner losses would apply to a partner's distributive share of charitable contributions and foreign taxes, which are exempted from such limitation under the current regulations. Would not apply to the excess of fair market value over adjusted basis on charitable contributions of appreciated property.</p> <p>[§13503]</p>	<p>Same as Senate.</p> <p>[§13503]</p>	§704

Pass-Through Entities				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Limitation on Losses for Taxpayers Other than Corporations	Not addressed.	<p>For tax years beginning in 2017, would disallow an excess business loss of a taxpayer other than a C corporation. However, an excess business loss could be treated as part of the taxpayer's net operating loss carryover to the following year. An excess business loss for the tax year would be the excess of aggregate deductions of the taxpayer attributable to trades or businesses of the taxpayer, over the sum of aggregate gross income or gain of the taxpayer plus a threshold amount (\$500,000 for married taxpayers filing jointly; \$250,000 for all other taxpayers (indexed for inflation)). The limitation would apply at the partner or S corporation shareholder level. The limitation would expire after Dec. 31, 2025.</p> <p>[§11012]</p>	<p>Same as Senate.</p> <p>[Editor's Note: The carryforward in subsequent tax years would be determined under the NOL rules provided under the conference agreement.]</p> <p>[§11012]</p>	§461

Pass-Through Entities				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Tax Gain on the Sale of Partnership Interest on Look-through Basis	Not addressed.	<p>Gain or loss from the sale or exchange of an interest in a partnership engaged in a U.S. trade or business would be treated as effectively connected with a U.S. trade or business to the extent that the transferor would have had effectively connected gain or loss had the partnership sold all of its assets at fair market value as of the date of the sale or exchange. Any gain or loss from the hypothetical asset sale by the partnership would be allocated to interests in the partnership in the same manner as nonseparately stated income and loss. The transferee would be required to withhold 10% of the amount realized. Effective for sales and exchanges after Nov. 27, 2017.</p> <p>[§13501]</p>	<p>Generally follows Senate, with the following modifications:</p> <p>Withholding provisions would be effective for sales, exchanges, and dispositions after Dec. 31, 2017.</p> <p>Clarifies that, under the related grant of regulatory authority, the Secretary may prescribe appropriate regulations or other guidance with respect to exchanges described in §332, §351, §354, §355, §356, or §361.</p> <p>[Editor's Note: Conferees intend that, under regulatory authority to carry out withholding requirements of the provision, the Secretary may provide guidance permitting a broker, as agent of the transferee, to deduct and withhold the tax equal to 10% of the amount realized on the disposition of a partnership interest to which the provision applies.]</p> <p>[§13501]</p>	§864

Pass-Through Entities				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Technical Termination of Partnership	<p>After 2017, technical termination rule would be repealed. A partnership would be treated as continuing even if more than 50% of the total capital and profit interest of partnership were sold or exchanged, and new elections would not be required or permitted.</p> <p>[§3313]</p>	Not addressed.	<p>Same as House.</p> <p>[§13504]</p>	§708(b)(1)(B) (repeal)

Pass-Through Entities				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
<p>Carried Interest or Recharacterization of Certain Gains in the Case of Partnership Profits Interests Held in Connection with Performance of Investment Services</p>	<p>For tax years beginning after Dec. 31, 2017, transfers of applicable partnership interests held for less than three years would be treated as short-term capital gain. This treatment would affect partnership in connection with the performance of substantial services to businesses that consist of engaging in capital market transactions or other specified investments. Certain equity interests and interests held by corporations would be exempt.</p> <p>Section 83 would not apply to the transfer of a partnership interest to which the provision applies.</p> <p>[§3314]</p>	<p>Same as House, notwithstanding the rules of §83 or any election in effect under §83(b).</p> <p>[§13309]</p>	<p>For tax years beginning after Dec. 31, 2017, a three-year holding period in the case of certain net long-term capital gain with respect to any applicable partnership interest held by the taxpayer, notwithstanding the rules of §83 or any election in effect under §83.</p> <p>Clarifying the provision’s interaction with §83, would treat as short-term capital gain taxed at ordinary income rates the amount of the taxpayer’s net long-term capital gain with respect to an applicable partnership interest for the tax year that exceeds the amount of such gain calculated as if a three-year (not one-year) holding period applies. In making this calculation, the provision would take account of long-term capital losses calculated as if a three-year holding period applies.</p> <p>[§13309]</p>	<p>§83, §1061, §1062 (new)</p>

International				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
<p>100% Deduction for Foreign-Source Portion of Dividends & Repatriation</p>	<p>The bill would provide a 100% deduction for foreign-source portion of dividends received from “specified 10-percent owned foreign corporations” by U.S. shareholders, subject to a six-month holding period. No foreign tax credit would be permitted for foreign taxes paid or accrued with respect to a qualifying dividend.</p> <p>Accumulated foreign earnings held in cash or cash equivalents and in illiquid assets would be deemed repatriated and taxed at 14% and 7% respectively. Taxpayer may elect to pay resulting liability over eight-year period in equal annual installments of 12.5% of the total tax liability due.</p> <p>[§4001–§4004]</p>	<p>The bill would provide a 100% deduction for foreign-source portion of dividends received from “specified 10-percent owned foreign corporations” by U.S. corporate shareholders, subject to a one-year holding period. No foreign tax credit (or deduction for foreign taxes paid with respect to qualifying dividends) would be permitted for foreign taxes paid or accrued with respect to a qualifying dividend. Deduction would be unavailable for “hybrid dividends.”</p> <p>The bill would repeal the active trade or business exception under §367, which generally disallows nonrecognition treatment for transfers of property to a foreign corporation.</p> <p>The bill would impose a mandatory tax on post-86 accumulated foreign earnings held in cash or cash equivalents of 14.5% and on post-86 accumulated foreign earnings held in illiquid assets of 7.5%. Taxpayers would be able to elect to pay any resulting liability over an eight-year period. Limitations period for assessment of tax on these mandatory inclusions would be extended to six years. Recapture rule imposing 35% tax rate on mandatory inclusions of a U.S. shareholder that</p>	<p>Same as Senate except the bill would impose a mandatory tax on post-86 accumulated foreign earnings held in cash or cash equivalents of 15.5% and on post-86 accumulated foreign earnings held in illiquid assets of 8% and the bill would clarify that the recapture rule imposing 35% tax rate on mandatory inclusions of a U.S. shareholder that becomes an expatriated entity within 10 years of bill’s enactment would apply to U.S. shareholder acquired by a post-enactment inverted surrogate corporation.</p> <p>[§14101–14103]</p>	<p>§91 (new), §245A (new), §246, §367, §904, §956, §961, §965</p>

International				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
100% Deduction for Foreign-Source Portion of Dividends & Repatriation (cont.)		<p>becomes an expatriated entity within 10 years of bill's enactment. Accumulated deferred foreign income would be excluded from REIT gross income tests. REITs would also be permitted to pay resulting liability over eight-year period. Election to preserve NOLs and coordinate NOL, ODL, and foreign tax credit carryforward rules upon transition to participation exemption system. Special rules for S corporation shareholders.</p> <p>[§14101–14103]</p>		

International				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Foreign Tax Credit	<p>The bill would repeal the indirect foreign tax credit under §902.</p> <p>No foreign tax credit or deduction would be permitted for taxes paid or accrued with respect to exempt dividends.</p> <p>Income from sale of inventory would be sourced based solely on basis of production activities.</p> <p>[§4101–§4102]</p>	<p>The bill would repeal the indirect foreign tax credit under §902.</p> <p>Determination of foreign tax credit under §960 would be on a current-year basis.</p> <p>Would add a separate foreign tax credit limitation basket for foreign branch income.</p> <p>Would accelerate the effective date of the worldwide interest allocation election by three years.</p> <p>Income from sale of inventory sourced would be based solely on basis of production activities.</p> <p>Would provide an election to increase the percentage of domestic taxable income offset by overall domestic loss treated as foreign-source income.</p> <p>[§14301–§14305]</p>	<p>Section 902 repeal would be same as House, with modifications to the gross up rules under §78, the dividend reference in §907(c)(3)(A), the qualified electing fund (QEF) rules under §1295, and conforming amendments.</p> <p>Sourcing of income from the sale of inventory is identical in both bills.</p> <p>Separate foreign tax credit limitation basket for foreign branch income, as in Senate bill.</p> <p>[§14301–§14304]</p>	<p>§78, §902, §904, §960, §863, §864</p>

International				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Subpart F	<p>The bill would repeal current taxation of previously excluded qualified investments under §955.</p> <p>The bill would repeal foreign base company oil related income as subpart F income under §954.</p> <p>Inflation adjustment of de minimis exception threshold for foreign base company income.</p> <p>CFC look-through exception would be made permanent.</p> <p>Stock attribution rules for determining CFC status would be modified to treat U.S. corporation as constructively owning stock held by its foreign shareholder.</p> <p>The bill would eliminate the 30-day rule in §951(a)(1).</p> <p>[§4201–§4206]</p>	<p>The bill would expand the definition of U.S. shareholder and provide an exception to §956 for domestic corporations that are U.S. shareholders in a CFC either directly or through a domestic partnership.</p> <p>The bill would repeal current taxation of previously excluded qualified investments under §955.</p> <p>The bill would repeal foreign base company oil related income as subpart F income under §954.</p> <p>Inflation adjustment of de minimis exception threshold for foreign base company income.</p> <p>CFC look-through exception would be made permanent.</p> <p>Stock attribution rules for determining CFC status would be modified to treat U.S. corporation as constructively owning stock held by its foreign shareholder.</p> <p>The bill would eliminate the 30-day rule in §951(a)(1).</p> <p>[§14211–§14218]</p>	<p>The bill would expand the definition of a U.S. shareholder but would not adopt the proposed exception to §956 in the Senate bill.</p> <p>The bill would repeal current taxation of previously excluded qualified investments under §955.</p> <p>The bill would repeal foreign base company oil related income as subpart F income under §954.</p> <p>The bill would not adjust for inflation the de minimis exception threshold for foreign base company income.</p> <p>The bill would not modify the current CFC look-through rules.</p> <p>Stock attribution rules for determining CFC status would be modified to treat a U.S. corporation as constructively owning stock held by its foreign shareholder.</p> <p>The bill would eliminate the 30-day rule in §951(a)(1).</p> <p>[§14211–§14215]</p>	<p>§951, §954, §955, §958, §6038</p>
Base Erosion	<p>U.S. corporate shareholders of CFCs would be subject to current U.S. taxation on 50% of “foreign high return amounts.”</p> <p>Deductible net interest expense of a U.S. corporation that is a member of</p>	<p>U.S. corporate shareholders of CFCs would be subject to current U.S. taxation on 50% of “global intangible low-taxed income” (GILTI) with a deduction of 37.5% for foreign-derived intangible income. GILTI is</p>	<p>Generally follows Senate with respect to “global intangible low-taxed income” (GILTI) provisions, with modifications to the calculation of net deemed tangible income return, tested income/loss, pro rata shares,</p>	<p>§1, §59A (new), §163, §250 (new), §267A (new), §882, §936, §951A (new), §960,</p>

International				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
<p>Base Erosion (cont.)</p>	<p>an “international financial reporting group” limited would be based on U.S. corporation’s share of group’s EBITDA.</p> <p>The bill would impose a 20% excise tax on certain payments made by a U.S. corporation to a related foreign corporation, unless U.S. corporation elects to treat the payments as effectively connected income. Payments (other than interest) that are deductible, includible in costs of goods sold, or includible in the basis of a depreciable or amortizable asset would be subject to the 20% excise tax. A credit would be permitted for 80% of foreign taxes paid or accrued.</p> <p>[§4301–§4303]</p>	<p>computed annually as the excess of each U.S. corporate shareholder’s “net CFC tested income” over the shareholder’s “net deemed tangible income return.” Basis adjustment rules for transfers of intangible property from CFCs to U.S. shareholders.</p> <p>Bill would deem foreign taxes paid by domestic corporations that include amounts in gross income under §951A equal to 80% of §951A inclusion percentage multiplied by aggregate tested foreign income taxes paid or accrued.</p> <p>Exception to base erosion payment definition for an amount paid or incurred for services if the services meet the requirements for the services cost method under §482 and the amount is the total services cost with no markup.</p> <p>Deductible net interest expense of a U.S. corporation that is a member of a “worldwide affiliated group” with excess domestic debt would be reduced by the net interest expense of the U.S. corporation multiplied by the group’s “debt-to-equity differential percentage.”</p> <p>Revised definition of intangible property for purposes of §367(d) and §482. The bill would clarify IRS authority to specify method used with</p>	<p>and determining qualified business asset investment (QBAI).</p> <p>The bill would not include provisions limiting deductible net interest expense of a U.S. corporation that is a member of an “international financial reporting group” or a “worldwide affiliated group.”</p> <p>Generally follows Senate bill with respect to deduction for foreign-derived intangible income (FDII) and GILTI with modifications to clarify scope of application.</p> <p>No basis adjustment rules for transfers of intangible property from CFCs to U.S. shareholders.</p> <p>Same as Senate bill with respect to revised definition of intangible property for purposes of §367(d) and §482 and, together with grant of regulatory authority, denial of deduction for certain related-party amounts paid or accrued in hybrid transactions or with hybrid entities.</p> <p>Same as Senate bill with respect to dividends received by an individual shareholder of a surrogate foreign corporation.</p> <p>Generally follows Senate bill with respect to base erosion minimum tax.</p> <p>[§14201-14202, §14221-§14223, §14401]</p>	<p>§966 (new), §992, §995, §998 (new), §4491 (new), §6038A, §6038C, §6038E (new)</p>

International				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Base Erosion (cont.)		<p>determine value of intangible property.</p> <p>The bill would deny a deduction for certain related-party amounts paid or accrued in hybrid transactions or with hybrid entities.</p> <p>Dividends received by an individual shareholder of a surrogate foreign corporation would not be eligible for reduced rate on dividends in §1(h).</p> <p>The bill would impose on certain banks and securities dealers that make deductible payments to related foreign persons, the purchase of depreciable property from foreign related parties, and certain payments to expatriated entities; exceptions are provided when taxes are withheld on the payments. Base erosion minimum tax amount would be the excess of 10% of the modified taxable income of the taxpayer for the tax year over the taxpayer's regular tax liability (as defined in §26(b)) for the tax year over allowable credits as provided in the new provision.</p> <p>Certain banks and securities dealers are subject to increased rates.</p> <p>[§14201–§14203, §14221–§14224, §14401]</p>		

International				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
U.S. Possessions	<p>The bill would extend (1) the deduction allowable for income attributable to domestic production activities in Puerto Rico (for one year); (2) the temporary increase in limit on cover over of rum excise taxes to Puerto Rico and the U.S. Virgin Islands; and (3) the American Samoa economic development credit.</p> <p>[§4401–§4403]</p>	<p>Modification of §937(b)(2) sourcing rule to exclude only U.S. source (or effectively connected) income attributable to a U.S. office or fixed place of business.</p> <p>Modification of §865(j)(3) to treat capital gain earned by a U.S. Virgin Islands (USVI) resident as USVI source income regardless of the tax rate imposed by the USVI government.</p> <p>[§14503]</p>	<p>The bill would not adopt the proposals in the House and Senate bills.</p>	<p>§199, §937, §7652</p>
PFICs	<p>PFIC insurance exception would be restricted to foreign corporations that would be taxed as an insurance company if they were U.S. corporations and if loss and loss adjustment expenses, unearned premiums, and certain reserves exceed 25% (or 10% in certain circumstances) of the foreign corporation’s total assets.</p> <p>[§4501]</p>	<p>Same as House.</p> <p>[§14501]</p>	<p>Same as Senate and House.</p> <p>[§14501]</p>	<p>§1297</p>

International				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Limitation on Treaty Benefits	The Chairman's mark removed the amendment to §894 included in the original bill, which would have reduced the rate of withholding under an income tax treaty not permitted for a "deductible related-party payment" unless the withholding tax would have been reduced by a treaty if the payment had been made directly to the foreign parent. This provision was in §4502 of the original bill.	Not addressed.	Not addressed.	§894
Transportation Income	Not addressed.	Not addressed in final Senate bill, though earlier versions included provisions on passenger cruise income of foreign persons and on the §883 reciprocal exemption.	Not addressed.	§871, §882, §883, §887
Interest Expense Apportionment	Not addressed.	Interest expense allocated among members of U.S. affiliated group would be based on adjusted tax basis of assets, as opposed to fair market value under current law. [§14502]	Same as Senate. [§14502]	§864
Stock Compensation of Insiders in Expatriated Corporations	Not addressed.	Excise tax on stock compensation in a corporate inversion would be increased to 20% from 15%. [§13604]	Same as Senate. [§13604]	§4985

Compensation and Benefits				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Archer Medical Savings Accounts (Archer MSAs)	No deduction would be allowed for contributions to an Archer MSA. Employer contributions to an Archer MSA would not be excluded from income. Existing Archer MSA balances could continue to be rolled over on a tax-free basis to an HSA. Would apply to tax years beginning after Dec. 31, 2017. [§1311]	Not addressed.	Provision eliminated.	§106, §220, §223, §4980E, §4980G
Dependent Care Assistance Programs	Originally slated to be repealed, the dependent care assistance exclusion available to employees for amounts paid or incurred by an employer would sunset. The sunset would apply as of tax years beginning after Dec. 31, 2022. [§1404]	Not addressed.	Provision eliminated.	§129(a)
Qualified Bicycle Commuting Reimbursement	Not addressed directly. However, no deduction would be allowed to employers for transportation fringe benefits (including bicycle commuting reimbursement).	Would suspend the exclusion from gross income and wages for qualified bicycle commuting reimbursements. Would be effective for tax years beginning after Dec. 31, 2017, and before Jan. 1, 2026. [§11048]	Same as Senate. [§11047]	§132(f), §274

Compensation and Benefits				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Recharacterization of Certain IRA and Roth IRA Contributions	<p>Would strike §408A(d)(6), which permits taxpayers to recharacterize a contribution to a traditional IRA as a contribution to a Roth IRA, or vice versa, and permits taxpayers to recharacterize a conversion of a traditional IRA to a Roth IRA. Would be effective for tax years beginning after Dec. 31, 2017.</p> <p>[§1501]</p>	<p>Same as House.</p> <p>[§13611]</p>	<p>Modifies House provision to provide that recharacterization cannot be used to unwind Roth IRA conversions. Recharacterization is still permitted with respect to other contributions.</p> <p>[§13611]</p>	<p>§408A(d)</p>
In-Service Distributions from Certain Retirement Plans	<p>Would bring parity to state and local government defined contribution plans and defined benefit plans with all other defined contribution plans by allowing in-service distributions to commence as early as age 59½. Would be applicable to plan years beginning after Dec. 31, 2017.</p> <p>[§1502]</p>	<p>Not addressed.</p>	<p>Provision eliminated.</p>	<p>§401(a)(36), §457(b), §457(d)</p>

Compensation and Benefits				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Hardship Distributions from Retirement Plans - Employee Contributions	<p>No later than one year after date of enactment, IRS would have to amend its guidance that currently does not allow an employee to make contributions for six months after receiving a hardship distribution, to allow an employee taking a hardship distribution to continue making contributions to the plan.</p> <p>[§1503]</p>	Not addressed.	Provision eliminated.	§401(k); Reg. §1.401(k)-1(d)(3)(iv)(E)
Hardship Distributions from Retirement Plans - Amounts Eligible for Withdrawal	<p>Plan sponsors would be able to allow employees to take hardship distributions from a plan using account earnings and employer contributions, in addition to employee contributions. There would be no requirement to take a loan first. Would be applicable to plan years beginning after Dec. 31, 2017.</p> <p>[§1504]</p>	<p>Same as House.</p> <p>[§11033(c)]</p>	Provision eliminated.	N/A

Compensation and Benefits				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Rollovers of Plan Loan Offsets	An employee who has taken a plan loan would have until the due date for filing the employee’s tax return for that year (including extensions) to contribute the loan balance to an IRA (instead of the current 60 days) to avoid having the loan amount treated as a taxable distribution. This rule would apply to employees whose plans terminate or who separate from service while having a plan loan outstanding. Would be applicable to tax years beginning after Dec. 31, 2017. [§1505]	Same as House, except substitutes “severance from employment” for “separation from service.” [§13613]	Same as Senate. [§13613]	§402(c)(3)
Qualified Plan Nondiscrimination Rules	Would allow employers sponsoring closed/frozen defined benefit plans to more easily meet applicable nondiscrimination requirements that they might otherwise violate, especially with respect to cross-tested plans. Generally effective on the date of enactment. [§1506]	Not addressed.	Provision eliminated.	§401(a)(4), §401(o) (redesignated), §410

Compensation and Benefits				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Credit for Social Security Taxes Paid on Restaurant Tips	<p>Credit for portion of employer social security taxes paid with respect to restaurant employee tips would be modified to reflect current minimum wage. Restaurants with 10 or fewer employees would now be required to report tip allocations. Would be applicable to tax years beginning after Dec. 31, 2017.</p> <p>[§3408]</p>	Not addressed.	Provision eliminated.	§45B
Deduction for Excessive Employee Remuneration	<p>The \$1 million yearly limit on the deduction for compensation with respect to a covered employee of a publicly traded corporation would be modified. The exceptions for commissions and performance-based compensation would be repealed. “Covered employees” would include the CEO, CFO and the three highest paid employees. Once an employee qualifies as a covered employee, the deduction limitation would apply to that person so long as the corporation pays remuneration to that person (or to any beneficiaries). Applicable to tax years beginning after Dec. 31, 2017.</p> <p>[§3801]</p>	<p>Same as House, except that a transition rule would apply so that no changes take effect with respect to a written binding contract in effect on Nov. 2, 2017, that is not modified in any material respect on or after such date.</p> <p>[§13601]</p>	<p>Same as Senate.</p> <p>[§13601]</p>	§162(m)(2) through §162(m)(4)

Compensation and Benefits				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Qualified Equity Grants	<p>Would allow employees who are granted stock options or restricted stock units (RSUs) to elect to defer recognition of gain for up to five years.</p> <p>An election with respect to qualified stock would have to be made no later than 30 days after the first date the rights of the employee in such stock are transferable or are not subject to a substantial risk of forfeiture, whichever is earlier.</p> <p>Elections would apply only to stock of the employee's employer and the options or RSUs would have to be granted in connection with the performance of services by the employee. A written plan would have to provide that at least 80% of the employees of the company would be granted stock options or RSUs with the same rights and privileges. Certain employees would not be permitted to make the election, such as 1% owners, the chief executive officer, and chief financial officer. RSUs would not be eligible for a §83(b) election and receipt of qualified stock would not be treated as a nonqualified deferred compensation plan for purposes of §409A. Certain notice requirements would apply.</p>	<p>Same as House, except that for purposes of determining corporations that are members of the same controlled group and treated as one corporation, the definition of controlled group under §414(b) applies.</p> <p>[§13603]</p>	<p>Same as Senate, with modifications:</p> <ul style="list-style-type: none"> • Where an inclusion deferral election is made with respect to an incentive stock option (including one under an employee stock purchase plan), the option is treated as a nonqualified stock option for FICA purposes. • Excluded employees who are not considered qualified individuals able to make an election include individuals who first become a 1% owner or one of the four highest compensated officers in a tax year, or who fell into such a classification in any of the 10 preceding tax years. • The 80% eligibility requirement is met only if affected employees (new hires or existing employees) are either granted stock options or restricted stock units for that year, and not a combination of both. <p>The exception from treatment as a nonqualified deferred compensation plan for purposes of §409A applies solely with respect to an employee who may receive qualified stock.</p>	<p>§83(i) (new), §422(b), §3401(i) (new), §6652(p) (new)</p>

Compensation and Benefits				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Qualified Equity Grants (cont.)	<p>Would allow a qualified employee to make an inclusion deferral election with respect to qualified stock attributable to a statutory option.</p> <p>Generally would apply to stock attributable to options exercised or RSUs settled after Dec. 31, 2017. Under a transition rule, until the IRS issues regulations or other guidance implementing the 80% rule and employer notice requirements under the provision, a corporation would be treated as complying with those requirements if it complies with a reasonable good faith interpretation.</p> <p>The penalty for a failure to provide the required notice would apply to failures after Dec. 31, 2017.</p> <p>[§3803]</p>		[§13603]	

Compensation and Benefits				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Affordable Care Act Individual Mandate	Not addressed.	<p>Would reduce the amount of the individual shared responsibility payment enacted as part of the Affordable Care Act to zero.</p> <p>Would apply to months beginning after Dec. 31, 2018.</p> <p>[§11081]</p>	<p>Same as Senate.</p> <p>[§11081]</p>	§5000A(c)
Relief for 2016 Disaster Areas	Not addressed	<p>Would provide an exception to the 10% early withdrawal tax in the case of a distribution due to a qualified 2016 disaster and would shield a qualified plan from disqualification for making any such distribution.</p> <p>Would provide the following tax relief:</p> <ul style="list-style-type: none"> • unless an election to the contrary is made, taxpayers would recognize income attributable to a qualified 2016 disaster distribution ratably over three years; and • taxpayers would be allowed a period of up to three years for recontributions of qualified 2016 disaster distributions. <p>Provides that casualty losses associated with a 2016 disaster are deductible without regard to whether aggregate net losses exceed 10% of a taxpayer's adjusted gross income, as long as they exceed \$500 per</p>	<p>Same as Senate, with a clarification that personal casualty loss relief applies to losses arising in taxable years beginning after Dec. 31, 2015, and before Jan. 1, 2018.</p> <p>[§11028]</p>	§72(t)

Compensation and Benefits				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Relief for 2016 Disaster Areas (cont.)		<p>casualty.</p> <p>The term “2016 disaster area” would be defined to include any area for which the President has declared a disaster during calendar year 2016.</p> <p>Applies to distributions from retirement plans made in 2016 and 2017 to individuals whose principal place of abode at any time during 2016 was in a disaster area and who sustained an economic loss as a result of the disaster.</p> <p>Would be effective on date of enactment.</p> <p>[§11029]</p>		
Length of Service Awards for Public Safety Volunteers	Not addressed.	<p>Would increase the aggregate amount of length of service awards for bona fide volunteers to \$6,000 (up from \$3,000), subject to adjustment for inflation. For defined benefit plans, the limit would apply to actuarial present value of aggregate amount.</p> <p>Effective for tax years beginning after Dec. 31, 2017.</p> <p>[§13612]</p>	<p>Same as Senate.</p> <p>[§13612]</p>	§457(e)(11)

Individual				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Tax Rates	<p><u>Individual Income Tax Rates</u> The bill would have four tax brackets: 12%, 25%, 35%, and 39.6%, in addition to an effective fifth bracket at zero percent in the form of the enhanced standard deduction.</p> <p><u>Married Filing Jointly (Surviving Spouses):</u> 12% (Taxable income not over \$90,000) 25% (Over \$90,000 but not over \$260,000) 35% (Over \$260,000 but not over \$1,000,000) 39.6% (Over \$1,000,000)</p> <p><u>Married Filing Separately:</u> 12% (Taxable income not over \$45,000) 25% (Over \$45,000 but not over \$130,000) 35% (Over \$130,000 but not over \$500,000) 39.6% (Over \$500,000)</p> <p><u>Head of Household:</u> 12% (Taxable income not over \$67,500) 25% (Over \$67,500 but not over \$200,000) 35% (Over \$200,000 but not over \$500,000) 39.6% (Over \$500,000)</p> <p><u>Other Individuals:</u> 12% (Taxable income not over \$45,000) 25% (Over \$45,000 but not over \$200,000) 35% (Over \$200,000 but not over \$500,000) 39.6% (Over \$500,000)</p>	<p><u>Individual Income Tax Rates</u> The bill would have seven tax brackets: 10%, 12%, 22%, 24%, 32%, 35%, and 38.5%. These brackets would apply to tax years beginning after Dec. 31, 2017, and before Jan. 1, 2026.</p> <p><u>Married Filing Jointly and Surviving Spouses:</u> 10% (Taxable income not over \$19,050) 12% (Over \$19,050 but not over \$77,400) 22% (Over \$77,400 but not over \$140,000) 24% (Over \$140,000 but not over \$320,000) 32% (Over \$320,000 but not over \$400,000) 35% (Over \$400,000 but not over \$1,000,000) 38.5% (Over \$1,000,000)</p> <p><u>Married Filing Separately:</u> 10% (Taxable income not over \$9,525) 12% (Over \$9,525 but not over \$38,700) 22% (Over \$38,700 but not over \$70,000) 24% (Over \$70,000 but not over \$160,000) 32% (Over \$160,000 but not over \$200,000) 35% (Over \$200,000 but not over \$500,000) 38.5% (Over \$500,000)</p> <p><u>Head of Household:</u> 10% (Taxable income not over \$13,600) 12% (Over \$13,600 but not over \$51,800) 22% (Over \$51,800 but not over \$70,000) 24% (Over \$70,000 but not over \$160,000) 32% (Over \$160,000 but not over \$200,000) 35% (Over \$200,000 but not over \$500,000) 38.5% (Over \$500,000)</p>	<p><u>Individual Income Tax Rates</u> Same as Senate bill with certain modifications: The highest bracket would be 37%;</p> <p><u>Married Filing Jointly and Surviving Spouses:</u> 10% (Taxable income not over \$19,050) 12% (Over \$19,050 but not over \$77,400) 22% (Over \$77,400 but not over \$165,000) 24% (Over \$165,000 but not over \$315,000) 32% (Over \$315,000 but not over \$400,000) 35% (Over \$400,000 but not over 600,000) 37% (over \$600,000)</p> <p><u>Married Filing Separately:</u> 10% (Taxable income not over \$9,525) 12% (Over \$9,525 but not over \$38,700) 22% (Over \$38,700 but not over \$82,500) 24% (Over \$82,500 but not over \$157,500) 32% (Over \$157,500 but not over \$200,000) 35% (Over \$200,000 but not over \$300,000) 37% (Over \$300,000)</p> <p><u>Head of Household:</u> 10% (Taxable income not over \$13,600) 12% (Over \$13,600 but not over \$51,800) 22% (Over \$51,800 but not over \$82,500) 24% (Over \$82,500 but not over \$157,500) 32% (Over \$157,500 but not over \$200,000) 35% (Over \$200,000 but not over \$500,000) 37% (Over \$500,000)</p>	<p>§1, §11(b), §15, §63(c)(2)(A), §911(d)(2), §6013(c), §7706(c)(1)(D)</p>

Individual				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
<p>Tax Rates (cont.)</p>	<p>The income levels would be indexed for inflation using the Chained Consumer Price Index for All Urban Consumers (C-CPI-U) for tax years beginning after 2018.</p> <p>The bill would, for high-income taxpayers, impose a phaseout of the tax benefit of the 12% bracket. It would impose an increase in tax at 6% of any excess of adjusted gross income over \$1,200,000 for a joint return or surviving spouses, \$600,000 in for a married individual filing separately, and \$1,000,000 for any other individual. These amounts will be indexed for inflation using C-CPI-U for tax years beginning after 2018.</p> <p><u>Capital Gains Tax Rates</u></p> <p>Under the zero percent capital gains bracket, the bill would amend the 25% rate to a 15% rate threshold. Under the 15% capital gains bracket, the bill would amend the 39.6% rate to 20% rate threshold. The rate thresholds would be as follows:</p> <p><u>Married Filing Jointly (and Surviving Spouses):</u></p> <p>15% Rate Threshold - \$77,200 20% Rate Threshold - \$479,000</p> <p><u>Married Filing Separately:</u></p> <p>15% Rate Threshold - \$38,600 20% Rate Threshold - \$239,500</p>	<p><u>Single Individuals:</u></p> <p>10% (Taxable income not over \$9,525) 12% (Over \$9,525 but not over \$38,700) 22% (Over \$38,700 but not over \$70,000) 24% (Over \$70,000 but not over \$160,000) 32% (Over \$160,000 but not over \$200,000) 35% (Over \$200,000 but not over \$500,000) 38.5% (Over \$500,000)</p> <p>The income threshold amounts for each rate bracket would be indexed for inflation using C-CPI-U in tax years beginning after Dec. 31, 2018. The requirement to index the amounts for inflation using the C-CPI-U would not expire. The bill would simplify the “kiddie tax”.</p> <p><u>Capital Gains Tax Rates</u></p> <p>Under the bill, the breakpoints between the 0% and 15% rates and between the 15% and 20% rates would be the same as the under present law. For tax years beginning in 2018, the rate thresholds would be as follows:</p> <p><u>Married Filing Jointly (and Surviving Spouses):</u></p> <p>15% Rate Threshold - \$77,200 20% Rate Threshold - \$479,000</p> <p><u>Married Filing Separately:</u></p> <p>15% Rate Threshold - \$38,600 20% Rate Threshold - \$239,500</p>	<p><u>Single Individuals:</u></p> <p>10% (Taxable income not over \$9,525) 12% (Over \$9,525 but not over \$38,700) 22% (Over \$38,700 but not over \$82,500) 24% (Over \$82,500 but not over \$157,500) 32% (Over \$157,500 but not over \$200,000) 35% (Over \$200,000 but not over \$500,000) 37% (Over \$500,000)</p> <p>[§11001]</p>	<p>§1, §11(b), §15, §63(c)(2)(A), §911(d)(2), §6013(c), §7706(c)(1)(D)</p>

Individual				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Tax Rates (cont.)	<p><u>Head of Household:</u> 15% Rate Threshold - \$51,700 20% Rate Threshold - \$452,400</p> <p><u>Other Individuals:</u> 15% Rate Threshold - \$38,600 20% Rate Threshold - \$425,800</p> <p>The above 15% and 20% threshold amounts would be indexed for inflation in tax years beginning after 2018.</p> <p>The bill would make this provision effective for tax years beginning after 2017.</p> <p>[§1001]</p>	<p><u>Head of Household:</u> 15% Rate Threshold - \$51,700 20% Rate Threshold - \$452,400</p> <p><u>Other Individuals:</u> 15% Rate Threshold - \$38,600 20% Rate Threshold - \$425,800</p> <p>The above 15% and 20% threshold amounts would apply to tax years beginning after Dec. 31, 2017, and before Jan. 1, 2026. These amounts would be indexed for inflation using C-CPI-U in tax years beginning after Dec. 31, 2018. The requirement to index amounts for inflation using C-CPI-U would not expire.</p> <p>[§11001, §11002]</p>		<p>§1, §11(b), §15, §63(c)(2)(A), §911(d)(2), §6013(c), §7706(c)(1)(D)</p>

Individual				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Standard Deduction	<p>The bill would increase the standard deduction to the following amounts:</p> <p>\$24,400 (joint return or a surviving spouse)</p> <p>\$18,300 (unmarried individual with at least one qualifying child)</p> <p>\$12,200 (for single filers)</p> <p>The bill would make these rates effective for tax years beginning after 2017. Additionally, the bill would provide that these amounts be indexed for inflation using the C-CPI-U in tax years beginning after 2019.</p> <p>[§1002]</p>	<p>The bill would increase the standard deduction to the following amounts:</p> <p>\$24,000 (joint return or a surviving spouse)</p> <p>\$18,000 (unmarried individual with at least one qualifying child)</p> <p>\$12,000 (for single filers)</p> <p>The bill would retain the enhanced standard deduction for the blind and elderly that is available under current law.</p> <p>The amount of the standard deduction would be indexed for inflation using C-CPI-U in tax years beginning after 2018. Increased standard deduction amounts would expire after Dec. 31, 2025.</p> <p>Effective for tax years beginning after Dec. 31, 2017.</p> <p>[§11021]</p>	<p>Same as Senate.</p> <p>[§11021]</p>	<p>§1(c)(2)(A), §2(a), §32, §63(c), §7706</p>

Individual				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Personal Exemptions	<p>The bill would repeal the deduction for personal exemptions, effective for tax years beginning after Dec. 31, 2017.</p> <p>[§1003]</p>	<p>The bill would suspend the deduction for personal exemptions for tax years beginning after Dec. 31, 2017, and before Jan. 1, 2026.</p> <p>[§11041]</p>	<p>Same as Senate but with several modifications to the withholding rules.</p> <p>[§11041]</p>	<p>§151(d), §152, §642(b), §873(b), §3402(a)(2)</p>
Individual Alternative Minimum Tax	<p>The proposal would repeal the existing individual AMT.</p> <p>The bill would continue to allow the prior year minimum tax credit to offset the taxpayer's regular tax. For tax years beginning after Dec. 31, 2018, and ending before Jan. 1, 2023, the prior year minimum tax credit would be refundable in an amount equal to 50% (100% for tax years beginning in 2022) of the excess of the minimum tax credit for the tax year over the amount of the credit allowable for the year against regular tax liability.</p> <p>[§2001]</p>	<p>The bill would, for tax years beginning after Dec. 31, 2017, and before Jan. 1, 2026, increase the AMT exemption amounts for individuals in §55(d)(1) as follows:</p> <ul style="list-style-type: none"> • \$109,400 for married taxpayers filing jointly or for surviving spouses; • \$70,300 for single taxpayers; and • \$54,700 for married taxpayers filing separately. <p>The bill would also, for tax years beginning after Dec. 31, 2017, and before Jan. 1, 2026, increase the</p>	<p>Same as Senate, with certain modifications:</p> <p>Phase-out of exemption amounts in §55(d)(3) would be increased as follows:</p> <ul style="list-style-type: none"> • \$1,000,000 for married taxpayers filing jointly or for surviving spouses; and • \$500,000 for single taxpayers <p>[§12003]</p>	<p>§55</p>

Individual				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Individual Alternative Minimum Tax (cont.)		<p>phase-out of exemption amounts in §55(d)(3) as follows:</p> <ul style="list-style-type: none"> • \$208,400 for married taxpayers filing jointly or for surviving spouses; • \$156,300 for single taxpayers; and • \$104,200 for married taxpayers filing separately. <p>The bill would also, for any tax year beginning in a calendar year after 2018, index all the above amounts for inflation.</p> <p>[§12001]</p>		
Earned Income Tax Credit	<p>Would preserve the earned income credit.</p> <p>[Preserved in House talking points]</p>	<p>Would preserve the earned income credit.</p> <p>[Preserved in Senate talking points]</p>	Explicitly preserved in Tax Cuts and Jobs Policy Highlights.	§32

Individual				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
<p>Miscellaneous Itemized Deductions – 2 Percent Floor</p>	<p>Not directly addressed. However, the bill would deny a deduction for expenses attributable to the trade or business of performing services as an employee, except, for reimbursed expenses included in an employee’s income.</p> <p>[§1312]</p>	<p>The bill would suspend all miscellaneous itemized deductions that are subject to the 2% floor under present law for tax years beginning after Dec. 31, 2017, and before Jan. 1, 2026.</p> <p>The bill would increase the limit for the above-the-line deduction for certain teacher expenses to \$500 for tax years beginning after Dec. 31, 2017, and before Jan. 1, 2026.</p> <p>[§11045, §11032]</p>	<p>Same as Senate with respect to the suspension of all miscellaneous itemized deductions subject to the 2% floor. Does not include provision regarding the above-the-line deduction for certain teacher expenses.</p> <p>[§11045]</p>	<p>§62, §67(g) (new), 262A (new)</p>
<p>Limitation on Itemized Deductions</p>	<p>The bill would eliminate the overall limitation on itemized deductions. Under current law, itemized deductions are limited once a taxpayer’s adjusted gross income exceeds a threshold amount (for 2017, \$261,500 for single individuals, \$313,800 for married couples filing joint returns and surviving spouses; \$287,650 for heads of households; \$156,900 for married individuals filing separately).</p> <p>[§1301]</p>	<p>The bill would suspend the overall limitation on itemized deductions for tax years beginning after Dec. 31, 2017, and before Jan. 1, 2026.</p> <p>[§11046]</p>	<p>Same as Senate.</p> <p>[§11046]</p>	<p>§68</p>

Individual				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Mortgage Interest Deduction	<p>The bill would reduce the mortgage interest deduction limitation to interest on \$500,000 of acquisition indebtedness for debt incurred after Nov. 2, 2017, and the interest would only be deductible on a taxpayer's principal residence. The current limitation is \$1,000,000. For refinancing that occurred on or before Nov. 2, 2017, the refinanced debt would be treated as incurred on the same date as the original debt.</p> <p>Interest on home equity indebtedness would no longer be deductible regardless of when incurred.</p> <p>[§1302]</p>	<p>The bill would suspend the mortgage interest deduction for interest on home equity indebtedness for tax years beginning after Dec. 31, 2017, and before Jan. 1, 2026. It would retain the deduction for interest on acquisition indebtedness of up to \$1,000,000 (\$500,000 for a married person filing a separate return).</p> <p>[§11043]</p>	<p>The conference agreement would reduce the mortgage interest deduction to interest on \$750,000 of acquisition indebtedness interest for debt incurred after Dec. 15, 2017. The \$1 million limitation would remain for older debt. The deduction would not be limited to interest on a taxpayer's principal residence. For tax years beginning after Dec. 31, 2025, the limitation reverts back to \$1,000,000 regardless of when the debt was incurred.</p> <p>The conference agreement would suspend the mortgage interest deduction for interest on home equity indebtedness for tax years beginning after Dec. 31, 2017, and before Jan. 1, 2026.</p> <p>[§11043]</p>	§163(h)
State and Local Tax Deduction	<p>For individual taxpayers, effective for tax years beginning after Dec. 31, 2017, the bill would:</p> <ul style="list-style-type: none"> repeal the deduction for foreign real property taxes (other than taxes which are paid or accrued in carrying on a trade or business); cap the deduction for state and local real property taxes at 	<p>For individual taxpayers, effective for tax years beginning after Dec. 31, 2017, and before Jan. 1, 2026, the bill would:</p> <ul style="list-style-type: none"> suspend the deduction for foreign real property taxes (other than taxes which are paid or accrued in carrying on a trade or business); cap the deduction for state 	<p>The conference agreement would generally provide that individuals only be allowed to deduct State, local, and foreign property taxes and State and local sales taxes when paid or accrued in carrying on a trade or business and would generally disallow a deduction for individual, State and local income, war profits, and excess profits taxes.</p> <p>The conference agreement would</p>	§164(b)

Individual				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
State and Local Tax Deduction (cont.)	<p>\$10,000 (\$5,000 for married taxpayers filing separately) (other than taxes which are paid or accrued in carrying on a trade or business); and repeal the deduction for state and local income taxes</p> <p>[§1303]</p>	<p>and local real property taxes at \$10,000 (\$5,000 for married taxpayers filing separately) (other than taxes which are paid or accrued in carrying on a trade or business);</p> <ul style="list-style-type: none"> suspend the deduction for state and local income taxes; and suspend the election to deduct state and local sales taxes in lieu of state and local income taxes. <p>[§11042]</p>	<p>provide an exception so that individual taxpayers may elect to deduct sales, income, or property taxes up to \$10,000 (\$5,000 for a married taxpayer filing a separate return) for tax years beginning after Dec. 31, 2017, and beginning before Jan. 1, 2026.</p> <p>For amounts paid in a tax year beginning before Jan. 1, 2018, with respect to State or local income taxes, beginning after Dec. 31, 2017, the payment is treated as if paid on the last day of the tax year for which such tax is imposed for purposes of applying the limitation of the deduction.</p> <p>[§11042]</p>	
Expenses in Contingency Fee Cases	<p>Would disallow an immediate deduction for the costs of litigation advanced by an attorney to a client in contingency fee arrangements until the contingency ends. Effective for expenses and costs paid in tax years beginning after the date of enactment.</p> <p>[§3316]</p>	<p>Not addressed.</p>	<p>Not addressed.</p>	<p>§162</p>

Individual				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Elimination of Living Expense Deduction for Members of Congress	Not addressed.	<p>The bill would provide that members of Congress are no longer allowed to deduct living expenses of up to \$3,000 per year while away from their congressional districts or home states.</p> <p>The provision would be effective for tax years after the date of enactment of the bill.</p> <p>[§13312]</p>	<p>Same as Senate.</p> <p>[§13311]</p>	§162(a)

Individual				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Charitable Contributions	<p>The bill would (i) increase the AGI limitation on cash contributions from 50% to 60% and would retain the five-year carryover, (ii) repeal the current 80% deduction for contributions made for university athletic seating rights, (iii) provide that the standard mileage rate for charitable use of an automobile would take into account the variable cost of operating an automobile rather than the current 14 cents per mile, and (iv) repeal the exception to the contemporaneous written acknowledgment requirement for contributions of \$250 or more when the donee organization files the required return. The changes would apply to contributions made in tax years beginning after 2017.</p> <p>[§1306]</p>	<p>The bill would increase the AGI limitation on cash contributions from 50% to 60%, effective for contributions made in tax years beginning after 2017 and before 2026.</p> <p>The bill would repeal the current 80% deduction for contributions made for university athletic seating rights, effective for contributions made in tax years beginning after 2017.</p> <p>The bill would also repeal the exception to the contemporaneous written acknowledgement requirement for contributions of \$250 or more when the donee organization files the required return, effective for contributions made in tax years beginning after Dec. 31, 2016.</p> <p>The Senate bill does not address the standard mileage rate for charitable use of a personal vehicle.</p> <p>[§11023, §13703, §13704]</p>	<p>Same as Senate.</p> <p>[§11023, §13704, §13705]</p>	<p>§170</p>

Individual				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Personal Casualty Losses Deduction	<p>The bill would repeal the personal casualty loss itemized deduction for property losses (not used in connection with a trade or business or transaction entered into for profit) incurred from fire, storm, shipwreck, or other casualty, and theft. The bill would preserve the above-the-line casualty loss deduction for personal casualty losses incurred due to a disaster and associated with 2017 disaster relief legislation.</p> <p>[§1304]</p>	<p>The bill would limit the personal casualty loss itemized deduction for property losses (not used in connection with a trade or business or transaction entered into for profit) to apply only to losses incurred as a result of federally-declared disasters. This limitation on deductibility would apply for losses arising in tax years beginning after Dec. 31, 2017, and before Jan. 1, 2026.</p> <p>[§11044]</p>	<p>Same as the Senate.</p> <p>[§11044]</p>	<p>§165(h)</p>
Personal Casualty Losses for Mississippi River Delta Flood Disaster Area	<p>Not addressed.</p>	<p>The bill would amend personal casualty loss deductions for losses in excess of \$500 that arose in a 2016 disaster area (any area that the President declared a major disaster area under the Robert T. Stafford Disaster Relief and Emergency Assistance Act during calendar year 2016) on or after Jan. 1, 2016, by making such losses deductible without regard to the 10% adjusted gross income floor. These deductions would be allowed in addition to the standard deduction for any net disaster loss in tax years beginning after Dec. 31, 2017, and before Jan. 1, 2026.</p> <p>[§11029]</p>	<p>Same as Senate for losses arising in tax years beginning after Dec. 31, 2015 and before Jan. 1, 2018.</p> <p>[§11028]</p>	<p>§165(h)</p>

Individual				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Limitation on Wagering Losses Deduction	<p>The bill would limit the itemized deduction for all expenses incurred in wager transactions to the extent of wagering winnings for tax years after 2017. Under current law, certain deductions related to gambling are available regardless of gambling winnings.</p> <p>[§1305]</p>	<p>The bill would amend the definition of losses from wagering transactions to include any otherwise allowable deduction incurred in carrying on wagering transactions (e.g., traveling to and from a casino). This amendment would apply to tax years beginning after Dec. 31, 2017, and before Jan. 1, 2026.</p> <p>[§11051]</p>	<p>Same as Senate.</p> <p>[§11050]</p>	§165(d)
Tax Preparation Services Deduction	<p>The bill would eliminate the itemized deduction for tax preparation services for tax years beginning after 2017.</p> <p>[§1307]</p>	<p>Not directly addressed. However, the bill would suspend all miscellaneous itemized deductions that are subject to the 2% floor under §67 under present law for tax years beginning after Dec. 31, 2017, and before Jan. 1, 2026.</p> <p>[§11045]</p>	<p>Same as Senate.</p> <p>[§11045]</p>	§212
Medical Expense Deduction	<p>The bill would eliminate the itemized deduction for medical expenses for tax years beginning after 2017. Under current law, taxpayers may deduct out-of-pocket medical expenses to the extent that the medical expenses exceed 10% of the adjusted gross income.</p> <p>[§1308]</p>	<p>For tax years beginning after Dec. 31, 2016, and ending before Jan. 1, 2019, the bill would reduce the medical expense deduction floor to 7.5% of adjusted gross income and eliminate the minimum tax preference.</p> <p>[§11028]</p>	<p>Same as Senate.</p> <p>[§11027]</p>	§213

Individual				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Alimony Payments Deduction	<p>The bill would eliminate the current above-the-line deduction for alimony payments. The bill would not require the payee receiving alimony payments to include alimony payments into income. This provision would be effective for divorce decrees, separation agreements, and certain modifications entered into after 2017.</p> <p>[§1309]</p>	<p>Not addressed.</p>	<p>Same as the House, but with certain modifications including the following: The conference agreement delays the effective date of the provision by one year.</p> <p>[§11051]</p>	<p>§215</p>
Moving Expenses Deduction	<p>The bill would generally eliminate the deduction that is available for moving expenses incurred when starting a new job in a new location at least 50 miles farther from the taxpayer's former residence. However, the deduction would still be available for members of the armed forces. The provision would be effective for tax years beginning after Dec. 31, 2017.</p> <p>[§1310]</p>	<p>The bill would generally suspend the deduction for moving expenses for tax years beginning after Dec. 31, 2017, and before Jan. 1, 2026. However, the deduction would generally still be available for active duty members of the Armed Forces who move pursuant to a military order and incident to a permanent change of station.</p> <p>[§11050]</p>	<p>Same as Senate.</p> <p>[§11049]</p>	<p>§217</p>

Individual				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Expenses Attributable to the Trade or Business of Being an Employee	<p>The bill would deny a deduction for expenses attributable to the trade or business of performing services as an employee and eliminate above-the-line deductions for performing artists, government officials, and teachers. However, the bill would preserve above-the-line deductions for reimbursed expenses included in an employee's income and for expenses for members of reserve components of the United States military.</p> <p>[§1312]</p>	<p>The bill would suspend all miscellaneous itemized deductions that are subject to the 2% floor under present law, including expenses attributable to the trade or business of performing services as an employee, for tax years beginning after Dec. 31, 2017, and before Jan. 1, 2026.</p> <p>The bill would increase the limit for the above-the-line deduction for certain teacher expenses to \$500 for tax years beginning after Dec. 31, 2017, and before Jan. 1, 2026.</p> <p>[§11045, §11032]</p>	<p>Same as Senate with respect to the suspension of all miscellaneous itemized deductions subject to the 2% floor. Does not include provision regarding the above-the-line deduction for certain teacher expenses.</p> <p>[§11045]</p>	§62, §262A
Enhancement of Child Tax Credit and New Family Tax Credit	<p>Under the bill, the credit for children under age 17 would be increased to \$1,600. Alternatively, a credit of \$300 would be allowed for children over age 17 and non-child dependents.</p> <p>In addition, a family flexibility credit of \$300 would be allowed with respect to the taxpayer (each spouse in the case of a joint return) who is neither a child nor a non-child dependent.</p> <p>The family flexibility credit and the non-child dependent credit would be effective for tax years ending before Jan. 1, 2023.</p>	<p>Under the bill, the child tax credit would be increased to \$2,000.</p> <p>The bill would increase the age limit for a qualifying child by one year so that a taxpayer may claim the credit for any qualifying child under the age of 18.</p> <p>The bill would provide a \$500 nonrefundable credit for dependents other than qualifying children (generally retaining the current law definition of dependent).</p> <p>The bill would increase the threshold amount where the credit would begin</p>	<p>Same as Senate with certain modifications:</p> <p>The bill would not increase the age limit for a qualifying child by one year.</p> <p>The bill would increase the threshold amount where the credit would begin to phase out to \$400,000. This amount would not be indexed for inflation.</p> <p>The bill would also index the maximum amount refundable (\$1,400) for inflation.</p> <p>The requirement that a taxpayer</p>	§24

Individual				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
<p>Enhancement of Child Tax Credit and New Family Tax Credit (cont.)</p>	<p>The phaseout for the combined child credit, the non-child dependent credit, and the credit for other taxpayers would be increased to \$230,000 (for joint filers), and to \$115,000 (for single filers).</p> <p>The bill would impose additional identification requirements for taxpayers claiming the child tax credit. A credit will not be allowed if a taxpayer fails to provide the name and social security number of a qualifying child on the taxpayer's tax return, or, with respect to other individuals, the individual's taxpayer identification number.</p> <p>The provision would be effective for tax years beginning after 2017.</p> <p>[§1101]</p>	<p>to phase out to \$500,000. This amount would not be indexed for inflation.</p> <p>The bill would lower the threshold for the refundable portion of the credit to \$2,500.</p> <p>The bill would also index the maximum amount refundable (\$1,000) for inflation.</p> <p>Additionally, the bill would require that a taxpayer provide the social security number of each qualifying child that is claimed on a tax return in order to receive the refundable portion of the child tax credit.</p> <p>All provisions would be effective for tax years beginning after Dec. 31, 2017, and before Jan. 1, 2026, except for the increased age limit, which would be effective for tax years beginning after Dec. 31, 2017, and before Jan. 1, 2025.</p> <p>[§11022]</p>	<p>provide the social security number of each qualifying child that is claimed on a tax return in order to receive the refundable portion of the child tax credit would not apply to a nonchild dependent for whom the \$500 non-refundable credit is claimed.</p> <p>All provisions would be effective for tax years beginning after Dec. 31, 2017, and before Jan. 1, 2026.</p> <p>[§11022]</p>	

Individual				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Repeal of Nonrefundable Credits	<p>Under the bill, the credit for individuals over age 65 or who have retired on disability, the tax credit associated with mortgage credit certificates, and the credit for plug-in electric drive motor vehicles would be repealed. The adoption credit would be preserved.</p> <p>The proposals repealing qualified plug-in electric drive motor vehicles would be effective for vehicles placed in service for tax years beginning after 2017.</p> <p>The other provisions would be effective for tax years beginning after 2017.</p> <p>[§1102]</p>	Adoption credit explicitly preserved in Senate talking points. Other nonrefundable credits not addressed.	Adoption credit explicitly preserved in Tax Cuts and Jobs Act Policy Highlights.	§22, §23, §25, §30D

Individual				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
<p>Refundable Credit Program Integrity</p>	<p>Under the bill, a taxpayer would be required to provide a work-eligible SSN to claim the refundable portion of the child tax credit or the American Opportunity Tax Credit.</p> <p>The IRS would be granted math error authority to adjust the returns of taxpayers failing to satisfy the identification requirements.</p> <p>In order to claim the refundable Earned Income Tax Credit, a taxpayer would be required to provide a work-eligible SSN.</p> <p>The bill would clarify that all allowable deductions must be taken into account in determining the amount of the taxpayer’s net earnings from self-employment for purposes of the EITC and would require quarterly employer reporting of employee wages.</p> <p>The bill would provide the IRS with authority to require a taxpayer claiming the EITC to substantiate the taxpayer’s earned income and exclude unsubstantiated amount from earned income.</p> <p>[§1103, §1104, §1105]</p>	<p>The bill would require that a taxpayer provide the social security number of each qualifying child that is claimed on a tax return in order to receive the refundable portion of the child tax credit.</p> <p>[§11022]</p>	<p>Same as Senate.</p> <p>[§11022]</p>	<p>§24, §25A, §32, §6213</p>

Individual				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
<p>American Opportunity Tax Credit</p>	<p>Under the bill, the existing higher education tax credits (Hope Scholarship Credit (American Opportunity Tax Credit (AOTC) after 2008) and Lifetime Learning Credit (LLC)) would be consolidated.</p> <p>The new AOTC, like the current AOTC, would provide a 100% tax credit for the first \$2,000 of certain higher education expenses and a 25% tax credit for the next \$2,000 of such expenses.</p> <p>The AOTC would also be available for a fifth year of post-secondary education at half the rate as the first four years, with up to \$500 of such credit being refundable.</p> <p>The LLC would no longer be available.</p> <p>The provision would be effective for tax years beginning after 2017.</p> <p>[§1201]</p>	<p>Not addressed.</p>	<p>Conference agreement does not include the House bill provision.</p>	<p>§25A</p>

Individual				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Consolidation of Education Savings Rules	<p>Under the bill, new contributions to Coverdell education savings accounts after 2017 (except rollover contributions) would be prohibited, but tax-free rollovers from Coverdell accounts into qualified tuition programs (§529 accounts) would be allowed.</p> <p>Elementary and high school expenses of up to \$10,000 per year would be qualified expenses for qualified tuition programs.</p> <p>The provision would be effective for contributions and distributions made after 2017.</p> <p>[§1202]</p>	<p>The bill would provide that elementary and secondary school expenses of up to \$10,000 per year would be qualified expenses for qualified tuition programs.</p> <p>The provision would apply to contributions made after Dec. 31, 2017.</p> <p>[§11033]</p>	<p>Same as Senate.</p> <p>[§11032]</p>	§529, §530
Reforms to Discharge of Certain Student Loan Indebtedness	<p>Under the bill, any income resulting from the discharge of student debt on account of death or total disability of the student, and payments made under Indian Health Service loan repayment programs would be excluded from taxable income.</p> <p>Effective for loans discharged after Dec. 31, 2017.</p> <p>[§1203]</p>	<p>The bill would exclude from taxable income, income resulting from the discharge of certain student debt on account of the death or total and permanent disability of the student.</p> <p>Effective for loans discharged after Dec. 31, 2017.</p> <p>[§11031]</p>	<p>Same as Senate.</p> <p>[§11031]</p>	§108

Individual				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Other Provisions Relating to Education	<p>Under the bill, the deduction for interest on education loans and the deduction for qualified tuition and related expenses would be repealed. The exclusion for interest on U.S. savings bonds used to pay qualified higher education expenses, the exclusion for qualified tuition reduction programs (including for graduate and research assistants), and the exclusion for employer-provided education assistance programs would also be repealed. The exclusion for education assistance programs would be effective for amounts paid or incurred after 2017. The other provisions would be effective for tax years beginning after 2017.</p> <p>[§1204]</p>	<p>Not addressed. However, the Senate Finance Committee policy highlights stated that it would preserve education relief for graduate students.</p> <p>[Preserved in Senate talking points]</p>	<p>Policy Highlights indicates “support for graduate students”</p>	<p>§117, §127, §135, §221, §222</p>
Contributions to ABLE Accounts	<p>Not addressed.</p>	<p>The bill would increase the contribution limit to ABLE accounts under certain circumstances. Once the overall limitation on contributions is reached, the designated beneficiary would be able to contribute an additional amount, up to the lesser of the federal poverty line for a one-person household, or the individual's compensation for the tax year.</p> <p>The bill would also permit the</p>	<p>Same as Senate.</p> <p>[§11024]</p>	<p>§25B, §529A</p>

Individual				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
<p>Contributions to ABLE Accounts (cont.)</p>		<p>designated beneficiary to claim the saver's credit for contributions made to his or her ABLE account.</p> <p>The bill would also require that a designated beneficiary, or a person acting on behalf of a designated beneficiary, maintain adequate records to ensure that additional ABLE account contributions do not exceed the lesser of the federal poverty line for a one-person household or the individual's compensation for the tax year. The designated beneficiary, or a person acting on behalf of the designated beneficiary, would also be obligated to ensure compliance with the additional contribution limitation.</p> <p>Effective for tax years beginning after the date of enactment, with a sunset after Dec. 31, 2025.</p> <p>[§11024]</p>		

Individual				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
<p>Rollovers from Qualified Tuition Programs to Qualified ABLE Programs</p>	<p>Effective after Dec. 31, 2017, the bill would allow taxpayers to roll over distributions from qualified tuition plans to ABLE accounts of a designated beneficiary or family member of the beneficiary.</p> <p>[§1205]</p>	<p>The bill would permit taxpayers to roll over amounts from qualified tuition programs (§529 accounts) to ABLE accounts without penalty, but only if the designated beneficiary (or member of the beneficiary’s family) of the qualified tuition plan owns the ABLE account. Such amounts would count toward the overall limitation on contributions to an ABLE account within a tax year, and any amount in excess would be included in the distributee’s gross income.</p> <p>Effective for distributions after the date of enactment, with a sunset before Jan. 1, 2026.</p> <p>[§11025]</p>	<p>Same as Senate.</p> <p>[§11025]</p>	<p>§529</p>

Individual				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Employer-provided Housing Exclusion	<p>The bill would limit the exclusion for employer-provided housing to \$50,000 (\$25,000 for married individuals filing separately). The exclusion would be limited to one residence, and would phase out for highly compensated individuals (\$120,000 for 2017) by an amount equal to 50% of the excess. The exclusion would be denied in the case of an individual who is a 5% owner. The provision would be effective for tax years beginning after Dec. 31, 2017.</p> <p>[§1401]</p>	Not addressed.	The conference agreement does not include the House bill provision.	§119

Individual				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Gain from Sale of a Principal Residence Exclusion	<p>The bill would continue to exclude from gross income up to \$500,000 (\$250,000 for other filers) from the sale of a principal residence, but only if the taxpayer owned and used the home as such for five out of the previous eight years. The exclusion would only be available once every five years and would begin to phase out by one dollar for every dollar by which the taxpayer's gross income exceeds \$250,000 (\$500,000 for joint filers). The provision would be effective for sales and exchanges after 2017.</p> <p>[§1402]</p>	<p>Under the bill, the exclusion would be available only if the taxpayer has owned and used the residence as a principal residence for at least five of the eight years ending with the date of the sale. The bill would allow taxpayers to use the exclusion only once every five years.</p> <p>These special rules would apply to sales or exchanges made after Dec. 31, 2017, and before Jan. 1, 2026. However, the special rules would not apply to any sale of exchange that had a written binding contract in effect before Jan. 1, 2018.</p> <p>[§11047]</p>	<p>The committee agreement does not include the House or Senate provisions.</p>	<p>§121</p>

Individual				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Employee Achievement Awards	<p>Effective after Dec. 31, 2017, the bill would repeal the exclusion for employee achievement awards – such awards would constitute taxable compensation.</p> <p>[§1403]</p>	<p>The bill would define “tangible personal property” in the context of employee achievement awards to exclude cash, cash equivalents, gift coupons, or certificates as well as vacations, meals, lodging, or tickets to theater or sporting events, stocks, bonds securities or other similar items.</p> <p>Effective for amounts paid or incurred after Dec. 31, 2017.</p> <p>[Editor’s Note: It appears that this provision would codify Prop. Reg. §1.274-8(c)(2).]</p> <p>[§13310]</p>	<p>Same as Senate.</p> <p>[§13310]</p>	<p>§74, §274</p>

Individual				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Treatment of Certain Individuals Performing Services in the Sinai Peninsula of Egypt	Not addressed.	<p>The bill would grant combat zone tax benefits to the Sinai Peninsula of Egypt, if (as of the date of enactment) any member of the Armed Forces is entitled to special pay for services performed there under 37 U.S.C. §310 (which relates to special pay for duty subject to hostile fire or imminent danger).</p> <p>Generally effective beginning June 9, 2015 through any subsequent tax year beginning before Jan. 1, 2026, but the portion of the bill related to wage withholding applies to remuneration paid after the date of enactment.</p> <p>[§11026]</p>	<p>Same as Senate.</p> <p>[§11026]</p>	§112

Individual				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Modification to User Fees Requirements for Installment Agreements	Not addressed	<p>The bill would prohibit increases in the amount of user fees charged by the IRS for installment agreements. It would waive the user fee entirely for low-income taxpayers who agree to make automated installment payments through a debit account, and while those low-income taxpayers unable to agree to make payments electronically would remain subject to the user fees, they would be reimbursed upon completion of the installment agreement.</p> <p>Effective for agreements entered into on or after the date that is 60 days after the date of enactment.</p> <p>[§11072]</p>	Conference agreement does not include the Senate bill provision.	§6159
Exclusion from Gross Income of Certain Amounts Received by Wrongly Incarcerated Individuals	Not addressed.	<p>The bill would extend the statute of limitations waiver for filing a claim for a credit or refund of an overpayment of tax resulting from the PATH Act exclusion (which generally excludes from income, civil damages, restitution, or other monetary awards relating to the wrongful incarceration of an individual) for an additional year. Claims would have to be filed by Dec. 18, 2017.</p> <p>Effective on the date of enactment.</p> <p>[§11027]</p>	The conference agreement does not include the Senate bill provision.	§139F

Individual				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Exclusion for Qualified Moving Expense Reimbursements	<p>Effective after Dec. 31, 2017 the bill would repeal the exclusion for qualified moving expense reimbursements – such reimbursements would constitute taxable income.</p> <p>[§1405]</p>	<p>The bill would suspend the exclusion from gross income for qualified moving expense reimbursements for tax years beginning after Dec. 31, 2017, and before Jan. 1, 2026. The exclusion would still be available for active duty members of the Armed Forces who move pursuant to a military order and incident to a permanent change of station.</p> <p>[§11049]</p>	<p>Same as Senate.</p> <p>[§11048]</p>	§132, §82
Exclusion for Adoptions Assistance Programs	<p>Effective after Dec. 31, 2017, the bill would repeal the exclusion for adoption assistance programs.</p> <p>[§1406]</p>	Not addressed.	Conference agreement does not include the House bill provision.	§137

Individual				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
IRS Levy	Not addressed.	<p>The bill would extend the period of time the IRS has to return monetary proceeds from the sale of property that has been wrongfully levied upon to two years. The bill would also extend the time period for bringing a civil action for wrongful levy to two years. Effective for levies made after the date of enactment, and levies made on or before the date of enactment if the nine-month period has not expired as of the date of enactment.</p> <p>[§11071]</p>	<p>Same as Senate.</p> <p>[§11071]</p>	§6343, §7426, §6532
Whistleblower Awards	Not addressed.	<p>The bill would provide an above-the-line deduction for attorney fees and court costs paid by, or on behalf of, a taxpayer in connection with any action involving a claim under state false or fraudulent claims acts, the SEC Whistleblower program, and the Commodity Futures Trading Commission whistleblower program. Effective for tax years beginning after Dec. 31, 2017.</p> <p>[§11073]</p>	Conference agreement does not include the Senate bill provision.	§62

Individual				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
IRS Whistleblower Program	Not addressed.	<p>The bill would modify the definition of collected proceeds eligible for awards to include: (1) penalties, interest, additions to tax, and additional amounts provided under the internal revenue laws, and (2) any proceeds under enforcement programs that the Treasury has delegated to the IRS the authority to administer, enforce, or investigate, including criminal fines and civil forfeitures, and violations of reporting requirements.</p> <p>The modified definition would also be used to determine eligibility for the enhanced reward program under which proceeds and additional amounts in dispute exceed \$2 million. Collected proceeds amounts would be determined without regard to whether such proceeds are available to the IRS.</p> <p>Effective for information provided before, on, or after the date of enactment for which a final determination for an award has not been made before that date.</p> <p>[§11074]</p>	Conference agreement does not include the Senate bill provision.	§7623

Estates, Gifts & Trusts				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Estate and Gift Taxes	<p>The bill would increase the federal estate and gift tax unified credit basic exclusion amount to \$10 million (with inflation adjustments), effective for decedents dying and gifts made after 2017.</p> <p>The bill would repeal the federal estate tax, effective for decedents dying after 2024 (while retaining the provision allowing a “stepped-up” income tax basis at death). The bill would lower the federal gift tax rate from 40% to 35%, effective for gifts made after 2024.</p> <p>[§1601, §1602]</p>	<p>The bill would increase the federal estate and gift tax unified credit basic exclusion amount to \$10 million (with inflation adjustments), effective for decedents dying and gifts made after 2017 and before 2026.</p> <p>The bill does not provide for a repeal of the estate tax at any point in the future.</p> <p>[§11061]</p>	<p>Same as Senate.</p> <p>[§11061]</p>	<p>§1014, §2001-§2210, §2502, §2505</p>
Generation-Skipping Transfer Tax	<p>The bill would increase the federal GST exemption amount to \$10 million (with inflation adjustments), effective for generation-skipping transfers made after 2017.</p> <p>The bill would repeal the federal generation-skipping transfer tax, effective for generation-skipping transfers made after 2024.</p> <p>[§1601, §1602]</p>	<p>The bill would increase the federal GST exemption amount to \$10 million (with inflation adjustments), effective for generation-skipping transfers made after 2017 and before 2026.</p> <p>The bill does not provide for a repeal of the generation-skipping transfer tax at any point in the future.</p> <p>[§11061]</p>	<p>Same as Senate.</p> <p>[§11061]</p>	<p>§2601-§2664</p>

Tax-Exempt Organizations				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Unrelated Business Taxable Income	<p>The bill would increase unrelated business taxable income by the amount of certain fringe benefit expenses for which a deduction is disallowed, effective for amounts paid or incurred after 2017.</p> <p>[§3308]</p>	<p>The bill does not address the inclusion of certain fringe benefit expenses in unrelated business taxable income.</p> <p>The bill would also require that organizations that carry on more than one unrelated trade or business separately calculate unrelated business taxable income for each trade or business, effectively prohibiting using deductions relating to one trade or business to offset income from a separate trade or business.</p> <p>The changes would apply to tax years beginning after 2017.</p> <p>[§13702]</p>	<p>The conference agreement includes both the House bill provision requiring the inclusion in unrelated business taxable income of certain nondeductible fringe benefit expenses and the Senate provision requiring the separate calculation of unrelated business taxable income for each trade or business carried on.</p> <p>The provisions would apply to amounts paid or incurred, or tax years beginning, after 2017.</p> <p>[§13702, §13703]</p>	§512, §513

Tax-Exempt Organizations				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Excise Tax on Tax Exempt Organization Executive Compensation	<p>The bill would impose a 20% excise tax on compensation in excess of \$1 million paid to an applicable tax-exempt organization's five highest-paid employees for the tax year (or any person who was such an employee in any prior tax year beginning after 2016). The bill would also apply the 20% excise tax to any parachute payment exceeding the portion of the base amount (defined as the average annual compensation of the employee for the five tax years before the employee's separation from employment) that is allocated to the payment. The tax on excess parachute payments applies to all employees regardless of whether they were covered employees.</p> <p>The changes would apply to tax years beginning after 2017.</p> <p>[§3802]</p>	<p>Same as House.</p> <p>[§13602]</p>	<p>Follows House, with modifications: The tax rate would equal the corporate tax rate (set at 21%); and Compensation would be treated as paid when rights to remuneration are no subject to a substantial risk of forfeiture (as defined in §457(f)(3)(B)).</p> <p>The conference agreement also exempts from the definition of parachute payment compensation paid to employees who are not highly compensated (within the meaning of §414(q)) and creates certain special rules applicable to remuneration paid to licensed medical professionals and qualified medical professionals.</p> <p>[§13602]</p>	§4960 (new)
Private Foundation Excise Tax on Investment Income	<p>The bill would simplify the private foundation excise tax on investment income and would reduce the rate from 2% to 1.4%, effective for tax years beginning after 2017.</p> <p>[§5101]</p>	Not addressed.	The conference agreement does not include the House bill provision.	§4940

Tax-Exempt Organizations				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Private Foundation Excise Tax on Failure to Distribute Income	<p>For purposes of the private foundation excise tax on failure to distribute income, the bill would exclude organizations operating art museums from the definition of operating foundations, unless the museum is open for at least 1,000 hours during the tax year, effective for tax years beginning after 2017.</p> <p>[§5102]</p>	Not addressed.	The conference agreement does not include the House bill provision.	§4942
Excise Tax on Investment Income of Private Colleges and Universities	<p>The bill would impose a 1.4% excise tax on certain private colleges and universities and their related organizations. This provision would apply only to private institutions that have more than 500 students and assets of at least \$250,000 per full-time student (not including assets used directly by the institution in carrying out the institution's educational purpose). The assets and net investment income of related organizations would be treated as the assets of the private college or university. The changes would apply for tax years beginning after 2017.</p> <p>[§5103]</p>	<p>Same as House, except that the bill provides that the tax applies to private institutions having more than 500 tuition-paying students and assets of at least \$500,000 per full-time student.</p> <p>[§13701]</p>	<p>Same as Senate bill with certain modifications: The tax applies only to institutions with more than 50% of their tuition-paying students located in the United States; and the number of students at an institution for purposes of applying the tax is based on the daily average number of full-time (or full-time equivalent) students attending.</p>	§4968 (new)

Tax-Exempt Organizations				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Exception From Excess Business Holding Tax for Independently-operated Philanthropic Business Holdings	<p>The bill would exempt certain private foundations (PFs) from the 10% excise tax for holding a 20% interest in a for-profit business, as well as the 200% excise tax for PFs that do not divest the holding by the close of the subsequent tax year. To qualify for the exception, the PF would have to satisfy the following four conditions: (i) the PF must own 100% of the for-profit business' voting stock, (ii) the PF must not have acquired the for-profit business by a means other than purchasing the business, (iii) the for-profit business must distribute all of its net operating income for any given tax year to the PF within 120 days of the close of the tax year, and (iv) the for-profit business' directors and shareholders cannot be substantial contributors nor make up a majority of the PF's board of directors. The changes would apply for tax years beginning after 2017.</p> <p>[§5104]</p>	Not addressed.	The conference agreement does not include the House bill provision.	§4943

Tax-Exempt Organizations				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
501(c)(3) Organizations Permitted to Make Statements Relating to Political Campaign in Ordinary Course of Activities	<p>The bill would provide that 501(c)(3) organizations could make political statements in the ordinary course of activities in carrying out exempt purposes if the incremental expenses incurred are de minimis, effective for tax years beginning after Dec. 31, 2018. The provision would sunset for tax years beginning after Dec. 31, 2023.</p> <p>[§5201]</p>	Not addressed.	The conference agreement does not include the House bill provision.	§501
Additional Reporting Requirements for Donor Advised Fund Sponsoring Organizations	<p>The bill would require donor advised funds to annually disclose (i) the average amount of grants made from their donor advised funds, and (2) their policies on inactive donor advised funds for frequency and minimum level of distributions, effective for returns filed for tax years beginning after 2017.</p> <p>[§5202]</p>	Not addressed.	The conference agreement does not include the House bill provision.	§6033

Other Excise Taxes				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
General Tax Rate on Beer	Not addressed.	<p>After 2017, would lower the beer tax rate from \$18 per barrel to \$16 per barrel on the first six million barrels brewed or imported. Beer brewed or imported in excess of six million barrels will be taxed at \$18 per barrel. These provisions would expire after 2019.</p> <p>[§13802]</p>	<p>Same as Senate.</p> <p>[§13802]</p>	§5051(a)
Tax Rate on Beer for Small Brewers	Not addressed.	<p>After 2017, would lower the beer tax rate for small brewers (brewers brewing fewer than two million barrels per calendar year) from \$7 per barrel for the first 60,000 barrels produced to \$3.50 for the first 60,000 barrels. The bill would also lower the tax rate paid by small brewers for barrels produced in excess of 60,000 from \$18 to \$16 per barrel. These provisions would expire after 2019.</p> <p>[§13802]</p>	<p>Same as Senate.</p> <p>[§13802]</p>	§5051(a)(2)

Other Excise Taxes				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Transfers of Beer in Bond	Not addressed.	<p>After 2017, would allow beer to be transferred between commonly-owned bonded premises without payment of tax; the transferee must accept responsibility for any required tax payment. These provisions would expire after 2019.</p> <p>[§13803]</p>	<p>Same as Senate.</p> <p>[§13803]</p>	§5051, §5414
Tax Rate on Wine	Not addressed.	<p>After 2017, would remove the 250,000 gallon wine production limitation for wine producers to receive a credit against the wine excise tax (meaning all wine producers and importers would be able to utilize the credit). Sparkling wine producers and importers would also be eligible to claim the credit.</p> <p>The bill would change the calculation of the credit to: (1) \$1.00 per wine gallon for the first 30,000 wine gallons, plus; (2) \$0.90 per wine gallon on the next 100,000 wine gallons, plus; (3) \$0.535 cents per wine gallon on the next 620,000 wine gallons. For hard cider, the credit follows the same production levels, but equals \$0.062, \$0.056, and \$0.03, respectively. These provisions would expire after 2019.</p> <p>[§13804]</p>	<p>Same as Senate.</p> <p>[§13804]</p>	§5041(c)

Other Excise Taxes				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Alcohol Content of Wine for Excise Taxation	Not addressed.	After 2017, modifies the first two wine excise tax rate tiers by increasing the alcohol-by-volume content to 16%. "Still wine" up to 16% alcohol-by-volume would be taxed at the lowest rate. These provisions would expire after 2019. [§13805]	Same as Senate. [§13805]	§5041(b)
Tax Rate for Mead and Certain Sparkling Wines	Not addressed.	After 2017, mead and sparkling wines would be taxed at the lowest rate applicable to "still wine." These provisions would expire after 2019. [§13806]	Same as Senate. [§13806]	§5041(b)
Tax Rate on Distilled Spirits	Not addressed.	After 2017, distilled spirits would be taxed according to a tiered system. The rate of tax would be lowered to \$2.70 per proof gallon on the first 100,000 proof gallons; \$13.34 for all proof gallons in excess of that amount, but below 22,130,000 proof gallons; and \$13.50 per proof gallon for all additional amount. These provisions would expire after 2019. [§13807]	Same as Senate. [§13807]	§5001

Other Excise Taxes				
Topic	House Bill	Senate Bill	Conference Committee	I.R.C. Sections
Transfer of Bonded Spirits	Not addressed.	After 2017, distilled spirits would be able to be transferred in bond between bonded premises in containers other than bulk containers without payment of tax. These provisions would expire after 2019. [§13808]	Same as Senate. [§13808]	§5212