

Republican House bill vs. Senate bill*

Differences, similarities and potential compromise

	House bill	Senate bill	Potential compromise
Individual			
Top Individual tax rate	39.6%	38.5 (until 2025)	<ul style="list-style-type: none"> Senate version less costly
Number of individual tax brackets	Four	Seven	<ul style="list-style-type: none"> Strong desire to consolidate brackets
Estate tax	Expands exemption to \$11 mm/person, total repeal in 2025	Expands exemption to \$11mm/person	<ul style="list-style-type: none"> Senate version less costly, more politically viable
State and local deduction	Preserves prop. deduction up to \$10,000	Preserves prop. deduction up to \$10,000	
Medical expense deduction	Eliminates	Preserves	<ul style="list-style-type: none"> Medical deduction is popular
Student loan interest rate deduction	Eliminates	Preserves	<ul style="list-style-type: none"> Student loan deduction is popular
Personal exemption	Eliminates	Eliminates	
Standard deduction	Nearly doubles	Nearly doubles	
Alternative minimum tax	Eliminates	Retains; increases personal exemption to 40%	<ul style="list-style-type: none"> AMT retention unlikely to be popular in the House
Child tax credit	\$1,600 per child	\$2,000 per child	<ul style="list-style-type: none"> Senate version is more popular
Obamacare individual mandate	Silent	Repeals	<ul style="list-style-type: none"> Repeal (raises \$320bn revenue)
Corporate			
Corporate rate	20%	20%	<ul style="list-style-type: none"> Slightly higher rate (~22%) is possible
Corporate tax rate reduction starts	2018	2019	<ul style="list-style-type: none"> 2019 most likely
Top pass-through rate	25% with constraints	23% deduction	<ul style="list-style-type: none"> Senate version most likely
Depreciation	100% expensing of qualified prop. through 2022	100% expensing of qualified prop. through 2027 (w/grad. phase-out)	<ul style="list-style-type: none"> Senate version most likely
Interest deductibles	Limit to 30% EBITDA	Limit to 30% EBIT	<ul style="list-style-type: none"> Senate's 30% EBIT likely to prevail
Research and Development	Amortize over 5 years after 2023	Amortize over 5 years after 2026	<ul style="list-style-type: none"> Senate version likely
Taxation of foreign income	100% exemption	100% exemption	
Repatriation	14%, 7% illiquid	14.5%; 7.5% illiquid	<ul style="list-style-type: none"> House version most likely
Carried interest	3 year minimum holding period	3 year minimum holding period	
Minimum taxes from income	10% on high return income	12.5% tax on "intangible income"	<ul style="list-style-type: none"> TBD

Similarities

Differences

* As of 3 December 2017; Source: Joint Committee on Taxation , Senate Finance Committee

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