



November 10, 2017

# Senate Republicans Unveil Tax Reform Policy Highlights

TAX REFORM

BY MICHAEL DARPINO

On November 2, 2017, the United States House of Representatives released the “Tax Cuts and Jobs Act”, a bill that, if passed, would be the broadest rewrite of our nation’s tax code in over three decades. We summarized some of the key provisions of this proposed legislation in a previous article. On November 9, the Senate released “policy highlights” outlining its own version of a tax reform bill. The Senate framework contains some key differences from the House bill. Some key highlights of the Senate proposal, and differences to the house proposal, are as follows:

- Reduces the top corporate tax rate from 35% to 20%, *but would delay the change until 2019* (The House bill proposed implementation in 2018)
- Seven individual income tax brackets: 10%, 12%, 22.5%, 25%, 32.5%, 35%, and 38.5% (The House bill proposed only four brackets of 12%, 25%, 35% and 39.6%)
- Increases the standard deduction to \$24,000 for joint returns and \$12,000 for individual filers (similar to the House bill, but with immaterial differences)
- Eliminates federal deductions for state and local taxes (similar to the House bill)
- Repeals the Alternative Minimum Tax (“AMT”) (similar to the House bill)
- Increases the child tax credit from \$1,000 to \$1,650 (similar to the House bill)
- Doubles the federal estate tax exemption, (current exemption \$5,490,000 but *does not eliminate* the estate tax (the House bill increases the exemption to \$10,000,000 with repeal after six years)
- Maintains the mortgage interest deduction for up to \$1 million in mortgage debt (the House bill proposes a \$500,000 limitation)
- Adopts a 17.4% deduction for flow-through business income, providing a benefit to smaller businesses (the House bill proposes capping the pass-through income to a maximum tax rate of 25%)

A period of negotiation is expected as the two chambers reconcile their proposals and work toward a final bill to present to the president for signature. We will continue to keep you updated as the legislative process moves forward.

Please return to the [Our Thoughts On...Tax Reform](#) blog for updates as they become available.

## You’ve heard our thoughts... We’d like to hear yours

The Schneider Downs Our Thoughts On blog exists to create a dialogue on issues that are

important to organizations and individuals. While we enjoy sharing our ideas and insights, we're especially interested in what you may have to say. If you have a question or a comment about this article – or any article from the Our Thoughts On blog – we hope you'll share it with us. After all, a dialogue is an exchange of ideas, and we'd like to hear from you. Email us at [contactSD@schneiderdowns.com](mailto:contactSD@schneiderdowns.com).

Material discussed is meant for informational purposes only, and it is not to be construed as investment, tax, or legal advice. Please note that individual situations can vary. Therefore, this information should be relied upon when coordinated with individual professional advice.

© 2024 Schneider Downs. All rights-reserved. All content on this site is property of Schneider Downs unless otherwise noted and should not be used without [written permission](#).