

SIDE BY SIDE COMPARISON OF TAX REFORM PROPOSALS

HOUSE GOP PLAN

Individual Reforms:

- 7 tax brackets get reduced to 3 brackets – 12%, 25% and 33%
- Almost doubles the standard deduction
- Eliminates most credits and deductions except:
 - Child tax credit, which would be increased
 - Earned income tax credit
 - Provisions for higher education, mortgage interest
 - Charitable contributions
 - Retirement savings account contributions
- AMT repealed for individuals
- Capital Gains and Dividend Income: 50% percent deduction for capital gains, dividends and interest income
- Repeals the estate and gift tax
- Eliminates the 3.8% net investment income tax to fund ACA

Business Reforms:

- Corporate rate is lowered to 20%
- Small businesses and pass-through entities would still pay via personal income tax, but with a top rate of 25%
- Territorial tax system, Border Adjustment Tax, instead of taxation on worldwide income, which would effectively tax imports and exempt exports
- Eliminates most credits and deductions except the research and development credit
- Ends the net interest deduction but allows full and immediate expensing

PRESIDENT'S PLAN

Individual Reforms:

- 7 tax brackets get reduced to 3 brackets – 10%, 25% and 35%
- The standard deduction is doubled – i.e., no taxes for married couples for their first \$24K in income.
- Eliminates most credits and deductions, including the state, local and property tax deduction except:
 - Mortgage interest deduction
 - Retirement savings account contributions
 - Charitable contributions
 - Child and Independent Care provisions included
- AMT repealed for individuals
- Capital Gains and Dividend Rate will be 20%
- Repeals the estate and generation skipping transfer taxes
- Eliminates the 3.8 % net investment income tax to fund ACA

Business Reforms:

- Corporate rate is lowered to 15%
- Small and medium-sized businesses, i.e. pass-through entities, will be at the 15% rate, but anti-abuse rules will be put in place
- Territorial tax system (no specifics)
- Eliminates tax breaks for special interests.
- Mandatory repatriation – 10% tax rate on repatriated earnings