

## Tax Cuts and Jobs Act Side-by-Side Comparison

This fall, Congress is considering significant changes to the tax code for the first time since 1986. If you would like to learn more about how these proposed changes will affect North Texas families, please see the below chart (prepared by the Office of Rep. Michael C. Burgess, M.D.) which offers a side-by-side comparison of current law vs. the changes proposed in H.R. 1, the Tax Cuts and Jobs Act. For additional information, please see the complete [Tax Cuts and Jobs Act Conference Report](#).

Provision	Current Law	Tax Cuts and Jobs Act
Individual Income Tax Brackets	Seven brackets at 10, 15, 25, 28, 33, 35, and 39.6%  Single filer rate schedule: 10% >\$0 15% >\$9,525 25% >\$38,700 28% >\$93,700 33% >\$195,450 35% >\$424,950 39.6% >\$426,700	Maintains seven brackets at 10, 12, 22, 24, 32, 35, and 37%; expires after 2025  Single filer rate schedule: 10% >\$0 12% >\$9,525 22% >\$38,700 24% >\$82,500 32% >\$157,500 35% >\$200,000 37% >\$500,000
Standard Deduction	\$6,500 for single filers, \$9,550 for heads of household, and \$13,000 for joint filers	Nearly doubles standard deduction to \$12,200 for single filers, \$18,000 for heads of household, and \$24,000 for joint filers; eliminates the personal exemption and maintains the deduction for those over 65 (\$1,250 for single filers and \$2,500 for joint filers)
Child Tax Credit	Credit equal to \$1,000 per qualifying child under 17, phases out beginning at \$75,000 for single filers and \$110,000 for joint filers; refundable portion equals 15% of earnings in excess of \$3,000	Expands from \$1,000 to \$2,000, fully refundable up to \$1,400 and phases out beginning at \$200,000 for single filers and \$400,000 for joint filers; \$500 non-refundable credit for dependents; expires after 2025

Mortgage Interest Deduction	Interest payments on up to \$1.1 million of debt (including \$100,000 of home equity debt) are deductible, applicable to principal and one other residence	Acquisition debt deduction up to \$750,000 on 1 <sup>st</sup> or 2 <sup>nd</sup> home, no home equity debt deductible, existing mortgages grandfathered into current deduction
Low Income Housing Tax Credit	Provides tax incentives for developers to create affordable housing	Retains
Charitable Contribution Deduction	Allows a deduction for charitable donations on up to 50% of adjusted gross income	Retains and increases the percentage limit for contributions to 60%, denies deduction for donations resulting in athletic event seating rights
State, Local, and Property Tax Deductions	Real estate, personal property, and either income or sales taxes are deductible from taxable income	Allows a deduction up to \$10,000 of either state sales, income, or property taxes
Estate Tax	Top tax rate of 40% on estates above \$5.6 million for singles and \$11.2 million for couples	Doubles the exemption but keeps the tax in place
Alternative Minimum Tax	AMT threshold is \$54,300 for single-filers and \$84,500 for joint filers, the phase-out is set at \$120,700 and \$160,900, respectively	Retains the corporate AMT, and raises the individual AMT threshold to \$70,600 for single filers and \$109,400 for joint filers, raises the phase-out to \$500,000 and \$1 million, respectively
Medical Expense Deduction	Out-of-pocket medical expenses in excess of 10% of adjusted gross income are deductible from taxable income	Preserves the deduction, and for tax years 2017-2018, allows it for eligible expenses that exceed 7.5% of adjusted gross income rather than 10%
Individual Mandate Penalty	Individuals without adequate health insurance coverage must pay a tax penalty or claim a coverage exemption	Repeals the individual mandate by making the penalty \$0
Graduate Student Income	No tax on waived graduate student tuition	No tax on waived graduate student tuition
Teacher Deduction	Teachers can deduct up to \$250 for out-of-pocket classroom supplies, applies to both those who claim the standard deduction and	Retains the itemized deduction for expenses attributable to being an employee (\$250 for teacher supplies)

	those who itemize	
Private Activity Bonds	Interest on private activity bonds issued by or on behalf of local or state government to provide special financing benefits for qualified projects is tax-exempt	No change
Corporate Tax Rate	Corporate income is currently taxed at 35%	Cuts tax rate from 35% to 21%, effective 2018
"Pass through" business income rate	Business income is passed through to the individual and taxed at individual income rates	Adopts a 20% deduction for pass-through income, limited to the greater of 50% of wage income or 25% of wage income plus 2.5% of the cost of tangible depreciable property, but excluding person service businesses
Orphan Drug Credit	Allows a tax credit for drug manufacturers of up to 50% of certain research costs for orphan drugs (drugs for diseases which affect 200,000 Americans or fewer)	Retains but scales back from 50% to 25% of clinical costs
Rehab Tax Credit	Provides a credit for costs of renovation, restoration, and reconstruction of certain buildings; the credit is currently 10% of costs for buildings placed in service before 1936 and 20% for certified historic structures	Reduces the credit for certified historic structures from 20% to 10%
Johnson Amendment	Prohibits 501(c)(3) non-profit organizations from engaging in political speech, including endorsements	No change
Permanency	N/A	Corporate tax cuts are permanent, individual tax cuts revert to current law at the end of 2025 unless extended

**Please note:** Information from this document has been sourced from the Tax Foundation, the Tax Policy Center, the Internal Revenue Service, and the House Ways and Means Committee.