

Tax Bill Comparisons

Prepared by the NAWG Staff

Item	Conference Report	Current Law
Individual Rates	7 brackets (seen below)	7 brackets (seen below)
Corporate Rate	21 percent flat rate in 2018 made permanent. Though the conference report would create a flat rate and eliminate the graduated structure, this would also mean that the 15 percent rate for taxable incomes of less than \$50,000 would be eliminated.	15%, 25%, 34%, 35% graduated brackets.
Pass Through Plan	Individual tax rates with 20 percent deduction. The threshold amount for which businesses is \$157,500 or \$315,000 for a joint return. At higher income levels, income considered business profits would effectively be taxed at a top rate of 29.6 percent.	Pass-through income taxed through individual tax rates.
Self Employment Tax	Understanding is it remains unchanged.	15.3 percent on first \$117,000 2.9 percent on next \$83,000 3.8 percent on income above \$200,000
Cash Accounting	Maintained	Allowed
Section 199 DPAD (Co-ops)	Repeals deduction but expands small business 20 percent deduction to "agricultural or horticultural cooperatives on their gross income, not taxable income.	9 percent deduction
Bonus Depreciation	Immediate write-off of 100 percent of the cost of qualified property through 2022 with a gradual five-year phase-out after at 20 percentage points per year.	Take depreciation on 50 percent of the cost of equipment during 2017, 40 percent in 2018, and 30 percent in 2019.
Expensing of Equipment	Permanently increases the Section 179 allowance to \$1 million with phaseout at \$2.5 million. Applies to new and used equipment.	Section 179 under current law allows farms to expense \$500,00 of cost of new equipment, buildings, breeding livestock and dairy cows. Phased out when purchase exceeds \$2 million.

Estate Tax	Doubles the exemption to \$11 million for individual and \$22 million for couple but no repeal. The increased rates sunset on December 31, 2025, at which time rates would revert back to current law.	\$5.5 million dollar exemption for individual and \$11 million for couple.
Step-up Basis	Maintained	Full Step-up allowed
Interest Deductibility	Allows for farms and business with less than \$25 million and includes exemption for farms that agree to alternative depreciation rules.	Business interest is generally deductible.
Net Operating Loss and Carry back	Eliminates the carryback option with an exception for farming operations which are permitted a 2 year carryback.	Taxpayers can carry a net operating loss deduction back two years and forward 20 years (farms have a special five-year carryback)
1031 Like Kind Exchanges	Limit 1031 exchanges to real property.	1031 exchanges used for property and equipment.
State and Local Property Taxes	\$10,000 state and local taxes deduction including property, income or sales.	Full deduction of state and local property taxes.
Employer provided housing and meals.	Unchanged to housing but no longer 100% meals deduction. Allows for 50% meal deduction through 2026 after which it is eliminated.	From the employer's perspective, meals and lodging provided to employees are not considered to be compensation. They are deductible as an ordinary and necessary business expense.
Capital gain	Unchanged except adjusted for inflation after 2017	0% on gains in taxable income up to \$75,900 (MFJ), singles up to \$37,950 15% from \$75,900-\$470,700 (MFJ) and \$418,400 (again a marriage penalty) 20% on capital gains over these amounts
Home Mortgage Interest Deduction	Allows for the home mortgage interests deduction up to \$750,000.	\$1 million home mortgage interest deduction and mortgage on 2 nd home.
Retirement Savings	Generally unchanged beyond eliminating catch-up contributions for individuals with wages of \$500,000 or more.	Can contribute \$18,500 a year.
Child Tax Credit	Increases credit to \$2,000 per child and makes up to \$1,400.	\$1,000 per each qualifying child.
Sale of Residence	No provision included- remains same.	Ownership and use must be 2 out of 5 years.
Standard Deduction	Doubles standard deduction to \$12,000.	Standard deduction \$6,100.

Corporate Alternative Minimum Tax	Repealed	Applicable.
Medical Expense Deduction	Expands medical expense deduction exceeding 7.5 percent of adjusted gross income and rising to 10 percent beginning in 2019.	Deduction for medical expenses exceeding 10 percent of adjusted gross income.

*All individual tax provisions, including the doubling of the estate tax exemption and pass-through benefits set to expire after 2025.

Individual Tax Brackets:

Conference Report Language

Tax Bracket Percentage	Married Couple Income	Individual Filer Income
10%	\$0-\$19,050	\$0-\$9,525
12%	\$19,050-77,400	\$9,525-\$38,700
22%	\$77,400-\$165,000	\$38,700-\$82,500
24%	\$165,00-\$315,000	\$82,500-\$157,500
32%	\$315,000-\$400,000	\$157,500-\$200,000
35%	\$400,000-\$600,000	\$200,000-\$500,000
37%	\$600,000 or more	\$500,000 or more

Current Law

Tax Bracket Percentage	Married Couple Income	Individual Filer Income
10%	\$0-\$18,650	\$0-\$9,325
15%	\$18,650-\$75,900	\$9,325-\$37,950
25%	\$75,900-\$153,100	\$37,950-\$91,900
28%	\$153,100-\$233,350	\$91,900-\$191,650
33%	\$233,350-\$416,700	\$191,650-\$416,700
35%	\$416,700-\$470,700	\$416,700-\$418,400
39.60%	\$470,700+	\$418,400+

National Debt Impacts:

The Joint Committee on Taxation, the official scorekeeper of tax legislation found that the bill would cost about \$1.456 trillion over 10 years.