

The **TAX CUTS & JOBS ACT**

POLICY HIGHLIGHTS

More Jobs. Fairer Taxes. Bigger Paychecks.

On November 9, 2017, the House Ways and Means Committee passed the Tax Cuts and Jobs Act (H.R. 1) – bold legislation to overhaul America’s tax code for the first time in 31 years.

With this bill, a typical middle-income family of four earning \$59,000 (the median household income) will receive a \$1,182 tax cut. The bill is expected to create nearly 1 million new jobs, increase annual after-tax income for middle-income households by an average of \$2,598, and grow our economy by more than 3.5 percent. As the Joint Committee on Taxation confirmed last week, our bill delivers a tax benefit to Americans of all income levels.

Individuals and Families

- ▶ **Lowers individual tax rates for low- and middle-income Americans to Zero, 12%, 25%, and 35%** so people can keep more of the money they earn throughout their lives, and continues to maintain 39.6% for high-income Americans.
- ▶ **Significantly increases the standard deduction** to protect roughly double the amount of what you earn each year from taxes – from \$6,350 to \$12,000 for individuals and \$12,700 to \$24,000 for married couples.
- ▶ **Eliminates special-interest deductions that increase rates and complicate Americans’ taxes** – so an individual or family can file their taxes on a form as simple as a postcard.
- ▶ **Takes action to support more American families by:**
 - **Establishing a new Family Credit** – which includes expanding the Child Tax Credit from \$1,000 to \$1,600 to help parents with the cost of raising children, and providing a credit of \$300 for each parent and non-child dependent to help all families with their everyday expenses.
 - **Preserving the Child and Dependent Care Tax Credit** to help families care for their children and older dependents such as a disabled grandparent who may need additional support.
 - **Preserving the Adoption Tax Credit** so parents can continue to receive additional tax relief as they open their hearts and their homes to an adopted child.
 - **Allowing assets to be transferred tax-free from a Section 529 education savings account to an ABLE account** for additional lifetime expenses of children with disabilities
- ▶ **Maintains the Earned Income Tax Credit** to provide important tax relief for low-income Americans working to build better lives for themselves.
- ▶ **Streamlines higher education benefits** to help families save for and better afford college tuition and other education expenses.
- ▶ **Continues the deduction for charitable contributions** so people can continue to donate to their local church, charity, or community organization.
- ▶ **Preserves the home mortgage interest deduction** for existing mortgages and maintains the home mortgage interest deduction for newly purchased homes up to \$500,000 – providing tax relief to current and aspiring homeowners.

- ▶ **Continues to allow individuals to write off the cost of state and local property taxes** up to \$10,000.
- ▶ **Retains popular retirement savings options** such as 401(k)s and Individual Retirement Accounts so Americans can continue to save for their future.
- ▶ **Repeals the Alternative Minimum Tax** so millions of individuals and families will no longer have to worry about calculating their taxes twice each year and pay the higher amount.
- ▶ **Provides immediate relief from the Death Tax by doubling the exemption and repealing the Death Tax after seven years.** Family-owned farms and businesses will no longer have to worry about double or triple taxation from Washington when they pass down their life's work to the next generation.
- ▶ Preserves the current-law exclusion from income for reimbursements of qualified **moving expenses of members of the Armed Forces**
- ▶ Preserves the exclusion from income for up to \$5,000 of **employer-provided dependent-care assistance** through 2022

Job Creators of All Sizes

- ▶ **Lowers the corporate tax rate to 20%** – down from 35%, which today is the highest in the industrialized world – the largest reduction in the U.S. corporate tax rate in our nation's history.
- ▶ **Reduces the tax rate on the hard-earned business income of Main Street job creators to no more than 25%** – the lowest tax rate on small business income since World War II.
- ▶ **Provides a new, low tax rate of 9% for the first \$75,000 of business income earned by owners of pass-through businesses of all types who earn less than \$150,000**, which will help the Main Street startups in every line of business that fuel innovation and job creation in communities across the country
- ▶ **Establishes strong safeguards to distinguish between individual wage income and “pass-through” business income** so Main Street tax relief goes to the local job creators it was designed to help most.
- ▶ **Allows businesses to immediately write off the full cost of new equipment** to improve operations and enhance the skills of their workers – unleashing the growth of jobs, productivity, and paychecks.
- ▶ **Protects the ability of small businesses to write off the interest on loans** that help these Main Street entrepreneurs start or expand a business, hire workers, and increase paychecks.
- ▶ **Retains the low-income housing tax credit** that encourages businesses to invest in affordable housing so families, individuals, and seniors can find a safe and comfortable place to call home.
- ▶ **Preserves the Research & Development Tax Credit** – encouraging our businesses and workers to develop cutting-edge “Made in America” products and services.
- ▶ **Strengthens accountability rules for tax-exempt organizations** to ensure that churches, charities, foundations, and other organizations receiving tax-exempt status are focused on helping people and communities in need.
- ▶ **Modernizes our international tax system** so America's global businesses will no longer be held back by an outdated “worldwide” tax system that results in double taxation for many of our nation's job creators.
- ▶ **Makes it easier for American businesses to bring home foreign earnings** to invest in growing jobs and paychecks in our local communities.
- ▶ **Prevents American jobs, headquarters, and research from moving overseas** by eliminating incentives that now reward companies for shifting jobs, profits, and manufacturing plants abroad.