

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 6760
OFFERED BY MR. BRADY OF TEXAS**

Strike all after the enacting clause and insert the following:

1 **SECTION 1. SHORT TITLE, ETC.**

2 (a) **SHORT TITLE.**—This Act may be cited as the
3 “Protecting Family and Small Business Tax Cuts Act of
4 2018”.

5 (b) **AMENDMENT OF 1986 CODE.**—Except as other-
6 wise expressly provided, whenever in this Act an amend-
7 ment or repeal is expressed in terms of an amendment
8 to, or repeal of, a section or other provision, the reference
9 shall be considered to be made to a section or other provi-
10 sion of the Internal Revenue Code of 1986.

11 (c) **REFERENCES TO THE TAX CUTS AND JOBS**
12 **ACT.**—Title I of Public Law 115-97 may be cited as the
13 “Tax Cuts and Jobs Act”.

14 (d) **TABLE OF CONTENTS.**—The table of contents of
15 this Act is as follows:

Sec. 1. Short title, etc.

TITLE I—INDIVIDUAL REFORM MADE PERMANENT

Subtitle A—Rate Reform

Sec. 101. Modification of rates.

Subtitle B—Deduction for Qualified Business Income of Pass-thru Entities

- Sec. 111. Deduction for qualified business income.
- Sec. 112. Limitation on losses for taxpayers other than corporations.

Subtitle C—Tax Benefits for Families and Individuals

- Sec. 121. Increase in standard deduction.
- Sec. 122. Increase in and modification of child tax credit.
- Sec. 123. Increased limitation for certain charitable contributions.
- Sec. 124. Increased contributions to ABLE accounts.
- Sec. 125. Rollovers to ABLE programs from 529 programs.
- Sec. 126. Treatment of certain individuals performing services in the Sinai Peninsula of Egypt.
- Sec. 127. Extension of reduction in threshold for medical expense deduction.

Subtitle D—Education

- Sec. 131. Treatment of student loans discharged on account of death or disability.

Subtitle E—Deductions and Exclusions

- Sec. 141. Repeal of deduction for personal exemptions.
- Sec. 142. Limitation on deduction for State and local, etc. taxes.
- Sec. 143. Limitation on deduction for qualified residence interest.
- Sec. 144. Modification of deduction for personal casualty losses.
- Sec. 145. Termination of miscellaneous itemized deductions.
- Sec. 146. Repeal of overall limitation on itemized deductions.
- Sec. 147. Termination of exclusion for qualified bicycle commuting reimbursement.
- Sec. 148. Qualified moving expense reimbursement exclusion limited to members of Armed Forces.
- Sec. 149. Deduction for moving expenses limited to members of Armed Forces.
- Sec. 150. Limitation on wagering losses.

Subtitle F—Increase in Estate and Gift Tax Exemption

- Sec. 151. Increase in estate and gift tax exemption.

TITLE II—INCREASED EXEMPTION FOR ALTERNATIVE MINIMUM TAX MADE PERMANENT

- Sec. 201. Increased exemption for individuals.

1 **TITLE I—INDIVIDUAL REFORM**

2 **MADE PERMANENT**

3 **Subtitle A—Rate Reform**

4 **SEC. 101. MODIFICATION OF RATES.**

5 (a) **MARRIED INDIVIDUALS FILING JOINT RETURNS**

6 **AND SURVIVING SPOUSES.—**Section 1(a) is amended by

1 striking the table contained therein and inserting the fol-
 2 lowing:

“If taxable income is:	The tax is:
Not over \$19,050	10% of taxable income.
Over \$19,050 but not over \$77,400	\$1,905, plus 12% of the excess over \$19,050.
Over \$77,400 but not over \$165,000	\$8,907, plus 22% of the excess over \$77,400.
Over \$165,000 but not over \$315,000	\$28,179, plus 24% of the excess over \$165,000.
Over \$315,000 but not over \$400,000	\$64,179, plus 32% of the excess over \$315,000.
Over \$400,000 but not over \$600,000	\$91,379, plus 35% of the excess over \$400,000.
Over \$600,000	\$161,379, plus 37% of the excess over \$600,000.”.

3 (b) HEAD OF HOUSEHOLDS.—Section 1(b) is amend-
 4 ed by striking the table contained therein and inserting
 5 the following:

“If taxable income is:	The tax is:
Not over \$13,600	10% of taxable income.
Over \$13,600 but not over \$51,800	\$1,360, plus 12% of the excess over \$13,600.
Over \$51,800 but not over \$82,500	\$5,944, plus 22% of the excess over \$51,800.
Over \$82,500 but not over \$157,500	\$12,698, plus 24% of the excess over \$82,500.
Over \$157,500 but not over \$200,000	\$30,698, plus 32% of the excess over \$157,500.
Over \$200,000 but not over \$500,000	\$44,298, plus 35% of the excess over \$200,000.
Over \$500,000	\$149,298, plus 37% of the excess over \$500,000.”.

6 (c) UNMARRIED INDIVIDUALS OTHER THAN SUR-
 7 VIVING SPOUSES AND HEADS OF HOUSEHOLD.—Section
 8 1(c) is amended by striking the table contained therein
 9 and inserting the following:

“If taxable income is:	The tax is:
Not over \$9,525	10% of taxable income.
Over \$9,525 but not over \$38,700	\$952.50, plus 12% of the excess over \$9,525.
Over \$38,700 but not over \$82,500	\$4,453.50, plus 22% of the excess over \$38,700.
Over \$82,500 but not over \$157,500	\$14,089.50, plus 24% of the excess over \$82,500.
Over \$157,500 but not over \$200,000	\$32,089.50, plus 32% of the excess over \$157,500.
Over \$200,000 but not over \$500,000	\$45,689.50, plus 35% of the excess over \$200,000.
Over \$500,000	\$150,689.50, plus 37% of the excess over \$500,000.”.

1 (d) MARRIED INDIVIDUALS FILING SEPARATE RE-
2 TURNS.—Section 1(d) is amended by striking the table
3 contained therein and inserting the following:

“If taxable income is:	The tax is:
Not over \$9,525	10% of taxable income.
Over \$9,525 but not over \$38,700	\$952.50, plus 12% of the excess over \$9,525.
Over \$38,700 but not over \$82,500	\$4,453.50, plus 22% of the excess over \$38,700.
Over \$82,500 but not over \$157,500	\$14,089.50, plus 24% of the excess over \$82,500.
Over \$157,500 but not over \$200,000	\$32,089.50, plus 32% of the excess over \$157,500.
Over \$200,000 but not over \$300,000	\$45,689.50, plus 35% of the excess over \$200,000.
Over \$300,000	\$80,689.50, plus 37% of the excess over \$300,000.”.

4 (e) ESTATES AND TRUSTS.—Section 1(e) is amended
5 by striking the table contained therein and inserting the
6 following:

“If taxable income is:	The tax is:
Not over \$2,550	10% of taxable income.
Over \$2,550 but not over \$9,150	\$255, plus 24% of the excess over \$2,550.
Over \$9,150 but not over \$12,500	\$1,839, plus 35% of the excess over \$9,150.

“If taxable income is:**The tax is:**

Over \$12,500 \$3,011.50, plus 37% of the excess
over \$12,500.”.

1 (f) INFLATION ADJUSTMENTS.—Section 1(f) is
2 amended—

3 (1) by striking “1993” in paragraph (1) and in-
4 serting “2018”,

5 (2) by amending paragraph (2)(A) to read as
6 follows:

7 “(A) by increasing the minimum and max-
8 imum dollar amounts for each bracket for
9 which a tax is imposed under such table by the
10 cost-of-living adjustment for such calendar year,
11 determined under this subsection for such cal-
12 endar year by substituting ‘2017’ for ‘2016’ in
13 paragraph (3)(A)(ii),”

14 (3) in paragraph (7)(B), by striking all that
15 precedes “(other than with respect to” and inserting
16 the following:

17 “(B) SPECIAL RULE.—In the case of a
18 table prescribed in lieu of the table contained in
19 subsection (b), (c), or (d), subparagraph (A)”,
20 (4) by striking paragraph (8), and

21 (5) in the heading, by striking “PHASEOUT OF
22 MARRIAGE PENALTY IN 15-PERCENT BRACKET; AD-
23 JUSTMENTS” and inserting “ADJUSTMENTS”.

1 (g) SPECIAL RULES FOR CERTAIN CHILDREN WITH
2 UNEARNED INCOME.—

3 (1) IN GENERAL.—Section 1(g) is amended by
4 striking all that precedes paragraph (2) and insert-
5 ing the following:

6 “(g) SPECIAL RULES FOR CERTAIN CHILDREN WITH
7 UNEARNED INCOME.—

8 “(1) IN GENERAL.—In the case of any child to
9 whom this subsection applies—

10 “(A) MODIFICATIONS TO APPLICABLE
11 RATE BRACKETS.—In determining the amount
12 of tax imposed by this section for the taxable
13 year on such child, the income tax table other-
14 wise applicable under this section to such child
15 shall be applied with the following modifica-
16 tions:

17 “(i) 24-PERCENT BRACKET.—The
18 maximum taxable income which is taxed at
19 a rate below 24 percent shall not be more
20 than the sum of—

21 “(I) the earned taxable income of
22 such child, plus

23 “(II) the minimum taxable in-
24 come for the 24-percent bracket in the
25 table under subsection (e) (as ad-

1 justed under subsection (f) for the
2 taxable year.

3 “(ii) 35-PERCENT BRACKET.—The
4 maximum taxable income which is taxed at
5 a rate below 35 percent shall not be more
6 than the sum of—

7 “(I) the earned taxable income of
8 such child, plus

9 “(II) the minimum taxable in-
10 come for the 35-percent bracket in the
11 table under subsection (e) (as ad-
12 justed under subsection (f)) for the
13 taxable year.

14 “(iii) 37-PERCENT BRACKET.—The
15 maximum taxable income which is taxed at
16 a rate below 37 percent shall not be more
17 than the sum of—

18 “(I) the earned taxable income of
19 such child, plus

20 “(II) the minimum taxable in-
21 come for the 37-percent bracket in the
22 table under subsection (e) (as ad-
23 justed under subsection (f)) for the
24 taxable year.

1 “(B) COORDINATION WITH CAPITAL GAINS
2 RATES.—For purposes of applying section
3 1(h)—

4 “(i) the maximum zero rate amount
5 shall not be more than the sum of—

6 “(I) the earned taxable income of
7 such child, plus

8 “(II) the amount in effect under
9 subsection (h)(13) for the taxable
10 year, and

11 “(ii) the maximum 15-percent rate
12 amount shall not be more than the sum
13 of—

14 “(I) the earned taxable income of
15 such child, plus

16 “(II) the amount in effect under
17 subsection (h)(12)(D) for the taxable
18 year.”.

19 (2) EARNED TAXABLE INCOME.—Section
20 1(g)(3) is amended to read as follows:

21 “(3) EARNED TAXABLE INCOME.—For purposes
22 of this subsection, the term ‘earned taxable income’
23 means, with respect to any child for any taxable
24 year, the taxable income of such child reduced (but

1 not below zero) by the net unearned income of such
2 child.”.

3 (3) CONFORMING AMENDMENT.—So much of
4 paragraph (5) of section 1(g) as precedes subpara-
5 graph (A) thereof is amended to read as follows:

6 “(5) SPECIAL RULES FOR DETERMINING PAR-
7 ENT ELIGIBLE TO MAKE ELECTION.—For purposes
8 of paragraph (7), the parent referred to in subpara-
9 graph (A)(iv) thereof is—”.

10 (h) APPLICATION OF INCOME TAX BRACKETS TO
11 CAPITAL GAINS BRACKETS.—Section 1(h) is amended—

12 (1) in paragraph (1)(B)(i), by striking “25 per-
13 cent” and inserting “22 percent”,

14 (2) in paragraph (1)(C)(ii)(I), by striking
15 “which would (without regard to this paragraph) be
16 taxed at a rate below 39.6 percent” and inserting
17 “below the maximum 15-percent rate amount”, and

18 (3) by adding at the end the following new
19 paragraphs:

20 “(12) MAXIMUM 15-PERCENT RATE AMOUNT
21 DEFINED.—For purposes of this subsection, the
22 maximum 15-percent rate amount shall be—

23 “(A) in the case of a joint return or sur-
24 viving spouse (as defined in section 2(a)),

1 \$479,000 ($\frac{1}{2}$ such amount in the case of a
2 married individual filing a separate return),

3 “(B) in the case of an individual who is
4 the head of a household (as defined in section
5 2(b)), \$452,400,

6 “(C) in the case of any other individual
7 (other than an estate or trust), \$425,800, and

8 “(D) in the case of an estate or trust,
9 \$12,700.

10 “(13) DETERMINATION OF 0 PERCENT RATE
11 BRACKET FOR ESTATES AND TRUSTS.—In the case
12 of any estate or trust, paragraph (1)(B) shall be ap-
13 plied by treating the amount determined in clause (i)
14 thereof as being equal to \$2,600.

15 “(14) INFLATION ADJUSTMENT.—

16 “(A) IN GENERAL.—In the case of any
17 taxable year beginning after 2018, each of the
18 dollar amounts in paragraphs (12) and (13)
19 shall be increased by an amount equal to—

20 “(i) such dollar amount, multiplied by

21 “(ii) the cost-of-living adjustment de-
22 termined under subsection (f)(3) for the
23 calendar year in which the taxable year be-
24 gins, determined by substituting ‘calendar

1 year 2017’ for ‘calendar year 2016’ in sub-
2 paragraph (A)(ii) thereof.

3 “(B) ROUNDING.—If any increase under
4 subparagraph (A) is not a multiple of \$50, such
5 increase shall be rounded to the next lowest
6 multiple of \$50.”.

7 (i) APPLICATION OF SECTION 15.—

8 (1) IN GENERAL.—Subsection (a) of section 15
9 is amended by striking “If any rate of tax” and in-
10 serting “In the case of a corporation, if any rate of
11 tax”.

12 (2) CONFORMING AMENDMENTS.—

13 (A) Section 15 is amended by striking sub-
14 sections (d), (e), and (f).

15 (B) Section 6013(c) is amended by strik-
16 ing “sections 15, 443, and 7851(a)(1)(A)” and
17 inserting “section 443”.

18 (C) The heading of section 15 is amended
19 by inserting “**ON CORPORATIONS**” after “**EF-**
20 **TECT OF CHANGES**”.

21 (D) The table of sections for part III of
22 subchapter A of chapter 1 is amended by strik-
23 ing the item relating to section 15 and inserting
24 the following new item:

 “Sec. 15. Effect of changes on corporations.”.

25 (j) CONFORMING AMENDMENTS.—

1 (1) Section 1 is amended by striking sub-
2 sections (i) and (j).

3 (2) Section 3402(q)(1) is amended by striking
4 “third lowest” and inserting “fourth lowest”.

5 (k) EFFECTIVE DATE.—

6 (1) IN GENERAL.—The amendments made by
7 this section shall apply to taxable years beginning
8 after December 31, 2017.

9 (2) APPLICATION OF SECTION 15.—Section 15
10 of the Internal Revenue Code of 1986 shall not
11 apply to any change in a rate of tax by reason of—

12 (A) section 1(j) of such Code (as in effect
13 before its repeal by this section), or

14 (B) any amendment made by this Act.

15 **Subtitle B—Deduction for Quali-**
16 **fied Business Income of Pass-**
17 **thru Entities**

18 **SEC. 111. DEDUCTION FOR QUALIFIED BUSINESS INCOME.**

19 (a) IN GENERAL.—Section 199A is amended by
20 striking subsection (i).

21 (b) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to taxable years beginning after
23 December 31, 2017.

1 **SEC. 112. LIMITATION ON LOSSES FOR TAXPAYERS OTHER**
2 **THAN CORPORATIONS.**

3 (a) IN GENERAL.—Section 461 is amended—

4 (1) by amending subsection (l)(1) to read as
5 follows:

6 “(1) LIMITATION.—In the case of a taxpayer
7 other than a corporation, any excess business loss of
8 the taxpayer for the taxable year shall not be al-
9 lowed.”, and

10 (2) by striking subsection (j) and redesignating
11 subsections (k) and (l) (as amended) as subsections
12 (j) and (k), respectively.

13 (b) CONFORMING AMENDMENTS.—

14 (1) Section 58(a)(2)(A) is amended by striking
15 “461(k)” and inserting “461(j)”.

16 (2) Section 461(i)(4) is amended by striking
17 “subsection (k)” and inserting “subsection (j)”.

18 (3) Section 464(d)(2)(B)(iii) is amended by
19 striking “section 461(k)(2)(E)” and inserting “sec-
20 tion 461(j)(2)(E)”.

21 (4) Subparagraphs (B) and (C) of section
22 1256(e)(3) are each amended by striking “section
23 461(k)(4)” and inserting “section 461(j)(4)”.

24 (c) EFFECTIVE DATE.—The amendments made by
25 this section shall apply to taxable years beginning after
26 December 31, 2017.

1 **Subtitle C—Tax Benefits for**
2 **Families and Individuals**

3 **SEC. 121. INCREASE IN STANDARD DEDUCTION.**

4 (a) IN GENERAL.—Section 63(c)(2) is amended—

5 (1) by striking “\$4,400” in subparagraph (B)
6 and inserting “\$18,000”, and

7 (2) by striking “\$3,000” in subparagraph (C)
8 and inserting “\$12,000”.

9 (b) INFLATION ADJUSTMENT.—Section 63(c)(4) is
10 amended to read as follows:

11 “(4) ADJUSTMENTS FOR INFLATION.—

12 “(A) IN GENERAL.—In the case of a tax-
13 able year beginning after 2018, each dollar
14 amount in paragraph (2)(B), (2)(C), or (5) or
15 subsection (f) shall be increased by an amount
16 equal to—

17 “(i) such dollar amount, multiplied by

18 “(ii) the cost-of-living adjustment de-
19 termined under section 1(f)(3) for the cal-
20 endar year in which the taxable year be-
21 gins, determined by substituting for ‘2016’
22 in subparagraph (A)(ii) thereof—

23 “(I) in the case of the dollar
24 amounts contained in paragraph
25 (2)(B) or (2)(C), ‘2017’,

1 “(II) in the case of the dollar
2 amounts contained in paragraph
3 (5)(A) or subsection (f), ‘1987’, and

4 “(III) in the case of the dollar
5 amount contained in paragraph
6 (5)(B), ‘1997’.

7 “(B) ROUNDING.—If any increase under
8 subparagraph (A) is not a multiple of \$50, such
9 increase shall be rounded to the next lowest
10 multiple of \$50.”.

11 (c) CONFORMING AMENDMENTS.—

12 (1) Section 1(f)(7)(A) is amended by striking
13 “section 63(c)(4),”.

14 (2) Section 1(f)(7)(B) is amended by striking
15 “sections 63(c)(4) and” and inserting “section”.

16 (3) Section 63(c) is amended by striking para-
17 graph (7).

18 (d) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to taxable years beginning after
20 December 31, 2017.

21 **SEC. 122. INCREASE IN AND MODIFICATION OF CHILD TAX**

22 **CREDIT.**

23 (a) IN GENERAL.—Section 24 is amended by striking
24 subsections (a), (b), and (c) and inserting the following
25 new subsections:

1 “(a) ALLOWANCE OF CREDIT.—There shall be al-
2 lowed as a credit against the tax imposed by this chapter
3 for the taxable year an amount equal to the sum of—

4 “(1) \$2,000 for each qualifying child of the tax-
5 payer, and

6 “(2) \$500 for each qualifying dependent (other
7 than a qualifying child) of the taxpayer.

8 “(b) LIMITATION BASED ON ADJUSTED GROSS IN-
9 COME.—The amount of the credit allowable under sub-
10 section (a) shall be reduced (but not below zero) by \$50
11 for each \$1,000 (or fraction thereof) by which the tax-
12 payer’s modified adjusted gross income exceeds \$400,000
13 in the case of a joint return (\$200,000 in any other case).
14 For purposes of the preceding sentence, the term “modi-
15 fied adjusted gross income” means adjusted gross income
16 increased by any amount excluded from gross income
17 under section 911, 931, or 933.

18 “(c) QUALIFYING CHILD; QUALIFYING DEPEND-
19 ENT.—For purposes of this section—

20 “(1) QUALIFYING CHILD.—The term ‘qualifying
21 child’ means any qualifying dependent of the tax-
22 payer—

23 “(A) who is a qualifying child (as defined
24 in section 7706(c)) of the taxpayer,

1 “(B) who has not attained age 17 at the
2 close of the calendar year in which the taxable
3 year of the taxpayer begins, and

4 “(C) whose name and social security num-
5 ber are included on the taxpayer’s return of tax
6 for the taxable year.

7 “(2) QUALIFYING DEPENDENT.—The term
8 ‘qualifying dependent’ means any dependent of the
9 taxpayer (as defined in section 7706 without regard
10 to all that follows ‘resident of the United States’ in
11 section 7706(b)(3)(A)) whose name and TIN are in-
12 cluded on the taxpayer’s return of tax for the tax-
13 able year.

14 “(3) SOCIAL SECURITY NUMBER DEFINED.—
15 For purposes of this subsection, the term ‘social se-
16 curity number’ means, with respect to a return of
17 tax, a social security number issued to an individual
18 by the Social Security Administration, but only if
19 the social security number is issued—

20 “(A) to a citizen of the United States or
21 pursuant to subclause (I) (or that portion of
22 subclause (III) that relates to subclause (I)) of
23 section 205(c)(2)(B)(i) of the Social Security
24 Act, and

1 “(B) on or before the due date of filing
2 such return.”.

3 (b) PORTION OF CREDIT REFUNDABLE.—

4 (1) IN GENERAL.—Section 24(d)(1)(A) is
5 amended to read as follows:

6 “(A) the credit which would be allowed
7 under this section determined—

8 “(i) by substituting ‘\$1,400’ for
9 ‘\$2,000’ in subsection (a)(1),

10 “(ii) without regard to subsection
11 (a)(2), and

12 “(iii) without regard to this subsection
13 and the limitation under section 26(a),
14 or”.

15 (2) MODIFICATION OF LIMITATION BASED ON
16 EARNED INCOME.—Section 24(d)(1)(B)(i) is amend-
17 ed by striking “\$3,000” and inserting “\$2,500”.

18 (3) INFLATION ADJUSTMENT.—Section 24(d) is
19 amended by inserting after paragraph (3) the fol-
20 lowing new paragraph:

21 “(4) ADJUSTMENT FOR INFLATION.—

22 “(A) IN GENERAL.—In the case of a tax-
23 able year beginning after 2018, the \$1,400
24 amount in paragraph (1)(A)(i) shall be in-
25 creased by an amount equal to—

1 “(i) such dollar amount, multiplied by

2 “(ii) the cost-of-living adjustment de-
3 termined under section 1(f)(3) for the cal-
4 endar year in which the taxable year be-
5 gins, determined by substituting ‘2017’ for
6 ‘2016’ in subparagraph (A)(ii) thereof.

7 “(B) ROUNDING.—If any increase under
8 subparagraph (A) is not a multiple of \$100,
9 such increase shall be rounded to the next low-
10 est multiple of \$100.

11 “(C) LIMITATION.—The amount of any in-
12 crease under subparagraph (A) (after the appli-
13 cation of subparagraph (B)) shall not exceed
14 \$600.”.

15 (4) CONFORMING AMENDMENTS.—

16 (A) Section 24(e) is amended to read as
17 follows:

18 “(e) TAXPAYER IDENTIFICATION REQUIREMENT.—
19 No credit shall be allowed under this section if the identi-
20 fying number of the taxpayer was issued after the due date
21 for filing the return of tax for the taxable year.”.

22 (B) Section 24 is amended by striking sub-
23 section (h).

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2017.

4 **SEC. 123. INCREASED LIMITATION FOR CERTAIN CHARITABLE CONTRIBUTIONS.**
5

6 (a) IN GENERAL.—Section 170(b)(1)(G) is amended
7 to read as follows:

8 “(G) CASH CONTRIBUTIONS.—

9 “(i) IN GENERAL.—Any contribution
10 of cash to an organization described in
11 subparagraph (A) shall be allowed to the
12 extent that the aggregate of such contribu-
13 tions does not exceed 60 percent of the
14 taxpayer’s contribution base for the taxable
15 year, reduced by the aggregate amount of
16 contributions allowable under subpara-
17 graph (A) for such taxpayer for such year.

18 “(ii) CARRYOVER.—If the aggregate
19 amount of contributions described in clause
20 (i) exceeds the limitation of clause (i), such
21 excess shall be treated (in a manner con-
22 sistent with the rules of subsection (d)(1))
23 as a charitable contribution to which clause
24 (i) applies in each of the 5 succeeding
25 years in order of time.”.

1 (b) COORDINATION WITH LIMITATIONS ON OTHER
2 CONTRIBUTIONS.—

3 (1) COORDINATION WITH 50 PERCENT LIMITA-
4 TION.—Section 170(b)(1)(A) is amended by striking
5 “Any charitable contribution” and inserting “Any
6 charitable contribution other than a contribution de-
7 scribed in subparagraph (G)”.

8 (2) COORDINATION WITH 30 PERCENT LIMITA-
9 TION.—Section 170(b)(1)(B) is amended—

10 (A) in the matter preceding clause (i), by
11 striking “to which subparagraph (A) applies”
12 and inserting “to which subparagraph (A) or
13 (G) applies”,

14 (B) by amending clause (ii) to read as fol-
15 lows:

16 “(ii) the excess of—

17 “(I) the sum of 50 percent of the
18 taxpayer’s contribution base for the
19 taxable year, plus so much of the
20 amount of charitable contributions al-
21 lowable under subparagraph (G) as
22 does not exceed 10 percent of such
23 contribution base, over

24 “(II) the amount of charitable
25 contributions allowable under sub-

1 paragraphs (A) and (G) (determined
2 without regard to subparagraph
3 (C)).”, and

4 (C) in the matter following clause (ii), by
5 striking “(to which subparagraph (A) does not
6 apply)” and inserting “(to which neither sub-
7 paragraph (A) nor (G) applies)”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to contributions made in taxable
10 years beginning after December 31, 2017.

11 **SEC. 124. INCREASED CONTRIBUTIONS TO ABLE AC-**
12 **COUNTS.**

13 (a) INCREASE IN LIMITATION FOR CONTRIBUTIONS
14 FROM COMPENSATION OF INDIVIDUALS WITH DISABIL-
15 ITIES.—Section 529A(b)(2)(B)(ii) is amended by striking
16 “before January 1, 2026”.

17 (b) ALLOWANCE OF SAVER’S CREDIT FOR ABLE
18 CONTRIBUTIONS BY ACCOUNT HOLDER.—Section
19 25B(d)(1)(D) is amended by striking “made before Janu-
20 ary 1, 2026,”.

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to taxable years beginning after
23 December 31, 2017.

1 **SEC. 125. ROLLOVERS TO ABLE PROGRAMS FROM 529 PRO-**
2 **GRAMS.**

3 (a) IN GENERAL.—Section 529(e)(3)(C)(i)(III) is
4 amended by striking “before January 1, 2026,”.

5 (b) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to distributions after December 31,
7 2017.

8 **SEC. 126. TREATMENT OF CERTAIN INDIVIDUALS PER-**
9 **FORMING SERVICES IN THE SINAI PENIN-**
10 **SULA OF EGYPT.**

11 (a) IN GENERAL.—Section 112(c)(2) is amended—

12 (1) by striking “means any area” and inserting

13 “means—

14 “(A) any area”, and

15 (2) by striking the period at the end and insert-

16 ing “, and

17 “(B) the Sinai Peninsula of Egypt.”.

18 (b) PERIOD OF TREATMENT.—Section 112(c)(3) is

19 amended—

20 (1) by striking “only if performed” and insert-

21 ing “only if—

22 “(A) in the case of an area described in

23 paragraph (2)(A), such service is performed”,

24 and

25 (2) by striking the period at the end and insert-

26 ing “, and

1 “(B) in the case of the area described in
2 paragraph (2)(B), such service is performed
3 during any period with respect to which one or
4 more members of the Armed Forces of the
5 United States are entitled to special pay under
6 section 310 of title 37, United States Code (re-
7 lating to special pay; duty subject to hostile fire
8 or imminent danger), for service performed in
9 such area.”.

10 (c) CONFORMING AMENDMENT.—The Tax Cuts and
11 Job Act is amended by striking section 11026.

12 (d) EFFECTIVE DATE.—The amendments made by
13 this section shall apply with respect to services performed
14 on or after the date of the enactment of this Act.

15 **SEC. 127. EXTENSION OF REDUCTION IN THRESHOLD FOR**
16 **MEDICAL EXPENSE DEDUCTION.**

17 (a) IN GENERAL.—Section 213(a) is amended by in-
18 serting “(7.5 percent in the case of any taxable year begin-
19 ning after December 31, 2018, and ending before January
20 1, 2021)” after “10 percent”.

21 (b) CONFORMING AMENDMENTS.—

22 (1) Section 56(b)(1) is amended by striking
23 subparagraph (B) and by redesignating subpara-
24 graphs (C) through (F) as subparagraphs (B)
25 through (E), respectively.

1 (2) Section 213 is amended by striking sub-
2 section (f).

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 2018.

6 **Subtitle D—Education**

7 **SEC. 131. TREATMENT OF STUDENT LOANS DISCHARGED** 8 **ON ACCOUNT OF DEATH OR DISABILITY.**

9 (a) IN GENERAL.—Section 108(f)(5) is amended by
10 striking “after December 31, 2017, and before January
11 1, 2026”.

12 (b) EFFECTIVE DATE.—The amendment made by
13 this section shall apply to discharges of indebtedness after
14 December 31, 2017.

15 **Subtitle E—Deductions and** 16 **Exclusions**

17 **SEC. 141. REPEAL OF DEDUCTION FOR PERSONAL EXEMP-** 18 **TIONS.**

19 (a) IN GENERAL.—Part V of subchapter B of chapter
20 1 is hereby repealed.

21 (b) DEFINITION OF DEPENDENT RETAINED.—Sec-
22 tion 152, prior to the repeal made by subsection (a), is
23 hereby redesignated as section 7706 and moved to the end
24 of chapter 79.

1 (c) APPLICATION TO TRUSTS AND ESTATES.—Sec-
2 tion 642(b) is amended—

3 (1) in paragraph (2)(C)—

4 (A) in clause (i), by striking “the exemp-
5 tion amount under section 151(d)” and all that
6 follows through the period at the end and in-
7 serting “the dollar amount in effect under sec-
8 tion 7706(d)(1)(B).”, and

9 (B) by striking clause (iii),

10 (2) by striking paragraph (3), and

11 (3) by striking “DEDUCTION FOR PERSONAL
12 EXEMPTION” in the heading thereof and inserting
13 “BASIC DEDUCTION”.

14 (d) APPLICATION TO NONRESIDENT ALIENS.—Sec-
15 tion 873(b) is amended by striking paragraph (3).

16 (e) MODIFICATION OF RETURN REQUIREMENT.—

17 (1) IN GENERAL.—Section 6012(a)(1) is
18 amended to read as follows:

19 “(1) Every individual who has gross income for
20 the taxable year, except that a return shall not be
21 required of—

22 “(A) an individual who is not married (de-
23 termined by applying section 7703) and who
24 has gross income for the taxable year which
25 does not exceed the standard deduction applica-

1 ble to such individual for such taxable year
2 under section 63, or

3 “(B) an individual entitled to make a joint
4 return if—

5 “(i) the gross income of such indi-
6 vidual, when combined with the gross in-
7 come of such individual’s spouse, for the
8 taxable year does not exceed the standard
9 deduction which would be applicable for
10 such taxable year under section 63 if such
11 individual and such individual’s spouse
12 made a joint return,

13 “(ii) such individual’s spouse does not
14 make a separate return, and

15 “(iii) neither such individual nor such
16 individual’s spouse is an individual de-
17 scribed in section 63(c)(4) who has income
18 (other than earned income) in excess of the
19 amount in effect under section
20 63(c)(4)(A).”.

21 (2) BANKRUPTCY ESTATES.—Section
22 6012(a)(8) is amended by striking “the sum of the
23 exemption amount plus the basic standard deduction
24 under section 63(c)(2)(D)” and inserting “the

1 standard deduction in effect under section
2 63(c)(1)(B)”.

3 (3) CONFORMING AMENDMENT.—Section 6012
4 is amended by striking subsection (f).

5 (f) CONFORMING AMENDMENTS.—

6 (1) Section 1(f)(7), as amended by section 121,
7 is amended—

8 (A) by striking “, section 68(b)(2) or sec-
9 tion 151(d)(4)” in subparagraph (A) and in-
10 serting “or section 68(b)(2)”, and

11 (B) by striking “(other than with respect
12 to section 151(d)(4)(A))” in subparagraph (B).

13 (2) Section 1(g)(5)(A) is amended by striking
14 “section 152(e)” and inserting “section 7706(e)”.

15 (3) Section 2(a)(1)(B) is amended—

16 (A) by striking “section 152” and insert-
17 ing “section 7706”, and

18 (B) by striking “with respect to whom the
19 taxpayer is entitled to a deduction for the tax-
20 able year under section 151” and inserting
21 “whose TIN is included on the taxpayer’s re-
22 turn of tax for the taxable year”.

23 (4) Section 2(b)(1)(A)(i) is amended—

24 (A) in the matter preceding subclause
25 (I)—

1 (i) by striking “section 152(c)” and
2 inserting “section 7706(c)”, and

3 (ii) by striking “section 152(e)” and
4 inserting “section 7706(e)”, and

5 (B) in subclause (II), by striking “section
6 152(b)(2) or 152(b)(3)” and inserting “section
7 7706(b)(2) or 7706(b)(3)”.

8 (5) Section 2(b)(1)(A)(ii) is amended by strik-
9 ing “if the taxpayer is entitled to a deduction for the
10 taxable year for such person under section 151” and
11 inserting “if the taxpayer included such person’s
12 TIN on the return of tax for the taxable year”.

13 (6) Section 2(b)(1)(B) is amended by striking
14 “if the taxpayer is entitled to a deduction for the
15 taxable year for such father or mother under section
16 151” and inserting “if such father or mother is a
17 dependent of the taxpayer and the taxpayer included
18 such father or mother’s TIN on the return of tax for
19 the taxable year”.

20 (7) Section 2(b)(3)(B) is amended—

21 (A) by striking “section 152(d)(2)” in
22 clause (i) and inserting “section 7706(d)(2)”,
23 and

24 (B) by striking “section 152(d)” in clause
25 (ii) and inserting “section 7706(d)”.

1 (8) Section 21(b)(1)(A) is amended by striking
2 “section 152(a)(1)” and inserting “section
3 7706(a)(1)”.

4 (9) Section 21(b)(1)(B) is amended by striking
5 “section 152” and inserting “section 7706”.

6 (10) Section 21(e)(5)(A) is amended by striking
7 “section 152(e)” and inserting “section 7706(e)”.

8 (11) Section 21(e)(5) is amended by striking
9 “section 152(e)(4)(A)” in the matter following sub-
10 paragraph (B) and inserting “section
11 7706(e)(4)(A)”.

12 (12) Section 21(e)(6)(A) is amended to read as
13 follows:

14 “(A) who is a dependent of either the tax-
15 payer or the taxpayer’s spouse for the taxable
16 year, or”.

17 (13) Section 21(e)(6)(B) is amended by striking
18 “section 152(f)(1)” and inserting “section
19 7706(f)(1)”.

20 (14) Section 25A(f)(1)(A)(iii) is amended by
21 striking “with respect to whom the taxpayer is al-
22 lowed a deduction under section 151”.

23 (15) Section 25A(g)(3) is amended by striking
24 “If a deduction under section 151 with respect to an
25 individual is allowed to another taxpayer” and in-

1 serting “If an individual is a dependent of another
2 taxpayer”.

3 (16) Section 25B(c)(2)(A) is amended by strik-
4 ing “any individual with respect to whom a deduc-
5 tion under section 151 is allowed to another tax-
6 payer” and inserting “any individual who is a de-
7 pendent of another taxpayer”.

8 (17) Section 25B(c)(2)(B) is amended by strik-
9 ing “section 152(f)(2)” and inserting “section
10 7706(f)(2)”.

11 (18) Section 32(c)(1)(A)(ii)(III) is amended by
12 striking “a dependent for whom a deduction is al-
13 lowable under section 151 to another taxpayer” and
14 inserting “a dependent of another taxpayer”.

15 (19) Section 32(c)(3) is amended—

16 (A) in subparagraph (A)—

17 (i) by striking “section 152(c)” and
18 inserting “section 7706(e)”, and

19 (ii) by striking “section 152(e)” and
20 inserting “section 7706(e)”,

21 (B) in subparagraph (B), by striking “un-
22 less the taxpayer is entitled to a deduction
23 under section 151 for such taxable year with re-
24 spect to such individual (or would be so entitled
25 but for section 152(e)” and inserting “if such

1 individual is not treated as a dependent of such
2 taxpayer for such taxable year by reason of sec-
3 tion 7706(b)(2) (determined without regard to
4 section 7706(e))”, and

5 (C) in subparagraph (C), by striking “sec-
6 tion 152(c)(1)(B)” and inserting “section
7 7706(c)(1)(B)”.

8 (20) Section 35(d)(1)(B) is amended by strik-
9 ing “with respect to whom the taxpayer is entitled
10 to a deduction under section 151(c)” and inserting
11 “if the taxpayer included such person’s TIN on the
12 return of tax for the taxable year”.

13 (21) Section 35(d)(2) is amended—

14 (A) by striking “section 152(e)” and in-
15 serting “section 7706(e)”, and

16 (B) by striking “section 152(e)(4)(A)” and
17 inserting “section 7706(e)(4)(A)”.

18 (22) Section 36B(b)(2)(A) is amended by strik-
19 ing “section 152” and inserting “section 7706”.

20 (23) Section 36B(b)(3)(B) is amended by strik-
21 ing “unless a deduction is allowed under section 151
22 for the taxable year with respect to a dependent” in
23 the flush matter at the end and inserting “unless
24 the taxpayer has a dependent for the taxable year

1 (and the taxpayer included such dependent’s TIN on
2 the return of tax for the taxable year”).

3 (24) Section 36B(c)(1)(D) is amended by strik-
4 ing “with respect to whom a deduction under section
5 151 is allowable to another taxpayer” and inserting
6 “who is a dependent of another taxpayer”.

7 (25) Section 36B(d)(1) is amended by striking
8 “equal to the number of individuals for whom the
9 taxpayer is allowed a deduction under section 151
10 (relating to allowance of deduction for personal ex-
11 emptions) for the taxable year” and inserting “the
12 sum of 1 (2 in the case of a joint return) plus the
13 number of individuals who are dependents of the
14 taxpayer for the taxable year”.

15 (26) Section 36B(e)(1) is amended by striking
16 “1 or more individuals for whom a taxpayer is al-
17 lowed a deduction under section 151 (relating to al-
18 lowance of deduction for personal exemptions) for
19 the taxable year (including the taxpayer or his
20 spouse)” and inserting “1 or more of the taxpayer,
21 the taxpayer’s spouse, or any dependent of the tax-
22 payer”.

23 (27) Section 42(i)(3)(D)(ii)(I) is amended—

24 (A) by striking “section 152” and insert-
25 ing “section 7706”, and

1 (B) by striking the period at the end.

2 (28) Section 45R(e)(1)(A)(iv) is amended—

3 (A) by striking “section 152(d)(2)” and in-
4 serting “section 7706(d)(2)”, and

5 (B) by striking “section 152(d)(2)(H)”
6 and inserting “section 7706(d)(2)(H)”.

7 (29) Section 51(i)(1) is amended—

8 (A) by striking “section 152(d)(2)” in sub-
9 paragraphs (A) and (B) and inserting “section
10 7706(d)(2)”, and

11 (B) by striking “section 152(d)(2)(H)” in
12 subparagraph (C) and inserting “section
13 7706(d)(2)(H)”.

14 (30) Section 56(b)(1)(D), as amended by the
15 preceding provisions of this Act, is amended—

16 (A) by striking “, the deduction for per-
17 sonal exemptions under section 151,” and

18 (B) by striking “AND DEDUCTION FOR
19 PERSONAL EXEMPTIONS” in the heading there-
20 of.

21 (31) Section 63(b)(2) is amended by adding
22 “and” at the end of paragraph (1), by striking para-
23 graph (2), and by redesignating paragraph (3) as
24 paragraph (2).

1 (32) Section 63(c), as amended by section 121,
2 is amended by striking paragraph (3) and redesignig-
3 nating paragraphs (4), (5), and (6) as paragraphs
4 (3), (4), and (5), respectively.

5 (33) Section 63(c)(4), as redesignated, is
6 amended—

7 (A) by striking “with respect to whom a
8 deduction under section 151 is allowable to”
9 and inserting “who is a dependent of”, and

10 (B) by striking “CERTAIN” in the heading
11 thereof.

12 (34) Section 63(d)(2) is amended by adding
13 “and” at the end of paragraph (1), by striking para-
14 graph (2), and by redesignating paragraph (3) as
15 paragraph (2).

16 (35) Section 63(f) is amended by striking all
17 that precedes paragraph (3) and inserting the fol-
18 lowing:

19 “(f) ADDITIONAL STANDARD DEDUCTION FOR THE
20 AGED AND BLIND.—

21 “(1) IN GENERAL.—For purposes of subsection
22 (c)(1), the additional standard deduction is, with re-
23 spect to a taxpayer for a taxable year, the sum of—

24 “(A) \$600 if the taxpayer has attained age
25 65 before the close of such taxable year, and

1 “(B) \$600 if the taxpayer is blind as of
2 the close of such taxable year.

3 “(2) APPLICATION TO MARRIED INDIVID-
4 UALS.—

5 “(A) JOINT RETURNS.—In the case of a
6 joint return, paragraph (1) shall be applied sep-
7 arately with respect to each spouse.

8 “(B) CERTAIN MARRIED INDIVIDUALS FIL-
9 ING SEPARATELY.—In the case of a married in-
10 dividual filing a separate return, if—

11 “(i) the spouse of such individual has
12 no gross income for the calendar year in
13 which the taxable year of such individual
14 begins,

15 “(ii) such spouse is not the dependent
16 of another taxpayer for a taxable year be-
17 ginning in the calendar year in which such
18 individual’s taxable year begins, and

19 “(iii) the TIN of such spouse is in-
20 cluded on such individual’s return of tax
21 for the taxable year,

22 the additional standard deduction shall be de-
23 termined in the same manner as if such indi-
24 vidual and such individual’s spouse filed a joint
25 return.”.

1 (36) Section 63(f)(3) is amended by striking
2 “paragraphs (1) and (2)” and inserting “subpara-
3 graphs (A) and (B) of paragraph (1)”.

4 (37) Section 72(t)(2)(D)(i)(III) is amended by
5 striking “section 152” and inserting “section 7706”.

6 (38) Section 72(t)(7)(A)(iii) is amended by
7 striking “section 152(f)(1)” and inserting “section
8 7706(f)(1)”.

9 (39) Section 105(b) is amended—

10 (A) by striking “as defined in section 152”
11 and inserting “as defined in section 7706”,

12 (B) by striking “section 152(f)(1)” and in-
13 serting “section 7706(f)(1)” and

14 (C) by striking “section 152(e)” and in-
15 serting “section 7706(e)”.

16 (40) Section 105(c)(1) is amended by striking
17 “section 152” and inserting “section 7706”.

18 (41) Section 125(e)(1)(D) is amended by strik-
19 ing “section 152” and inserting “section 7706”.

20 (42) Section 129(c)(1) is amended to read as
21 follows:

22 “(1) who is a dependent of such employee or of
23 such employee’s spouse, or”.

1 (43) Section 129(c)(2) is amended by striking
2 “section 152(f)(1)” and inserting “section
3 7706(f)(1)”.

4 (44) Section 132(h)(2)(B) is amended—
5 (A) by striking “section 152(f)(1)” and in-
6 serting “section 7706(f)(1)”, and
7 (B) by striking “section 152(e)” and in-
8 serting “section 7706(e)”.

9 (45) Section 139D(c)(5) is amended by striking
10 “section 152” and inserting “section 7706”.

11 (46) Section 139E(c)(2) is amended by striking
12 “section 152” and inserting “section 7706”.

13 (47) Section 162(l)(1)(D) is amended by strik-
14 ing “section 152(f)(1)” and inserting “section
15 7706(f)(1)”.

16 (48) Section 170(g)(1) is amended by striking
17 “section 152” and inserting “section 7706”.

18 (49) Section 170(g)(3) is amended by striking
19 “section 152(d)(2)” and inserting “section
20 7706(d)(2)”.

21 (50) Section 172(d) is amended by striking
22 paragraph (3).

23 (51) Section 213(a) is amended by striking
24 “section 152” and inserting “section 7706”.

1 (52) Section 213(d)(5) is amended by striking
2 “section 152(e)” and inserting “section 7706(e)”.

3 (53) Section 213(d)(11) is amended by striking
4 “section 152(d)(2)” in the matter following subpara-
5 graph (B) and inserting “section 7706(d)(2)”.

6 (54) Section 220(b)(6) is amended by striking
7 “with respect to whom a deduction under section
8 151 is allowable to” and inserting “who is a depend-
9 ent of”.

10 (55) Section 220(d)(2)(A) is amended by strik-
11 ing “section 152” and inserting “section 7706”.

12 (56) Section 221(d)(4) is amended by striking
13 “section 152” and inserting “section 7706”.

14 (57) Section 222(c)(3) is amended by striking
15 “with respect to whom a deduction under section
16 151 is allowable to” and inserting “who is a depend-
17 ent of”.

18 (58) Section 223(b)(6) is amended by striking
19 “with respect to whom a deduction under section
20 151 is allowable to” and inserting “who is a depend-
21 ent of”.

22 (59) Section 223(d)(2)(A) is amended by strik-
23 ing “section 152” and inserting “section 7706”.

1 (60) Section 401(h) is amended by striking
2 “section 152(f)(1)” in the last sentence and insert-
3 ing “section 7706(f)(1)”.

4 (61) Section 402(l)(4)(D) is amended by strik-
5 ing “section 152” and inserting “section 7706”.

6 (62) Section 409A(a)(2)(B)(ii)(I) is amended
7 by striking “section 152(a)” and inserting “section
8 7706(a)”.

9 (63) Section 441(f)(2)(B)(iii) is amended by
10 striking “, but only the adjusted amount of the de-
11 ductions for personal exemptions as described in sec-
12 tion 443(e)”.

13 (64) Section 443 is amended—

14 (A) in subsection (b)—

15 (i) by striking paragraph (3), and

16 (ii) by striking “modified taxable in-
17 come” and inserting “taxable income” each
18 place such term appears,

19 (B) by striking subsection (c), and

20 (C) by redesignating subsections (d) and
21 (e) as subsections (c) and (d), respectively.

22 (65) Section 501(c)(9) is amended by striking
23 “section 152(f)(1)” and inserting “section
24 7706(f)(1)”.

1 (66) Section 529(e)(2)(B) is amended by strik-
2 ing “section 152(d)(2)” and inserting “section
3 7706(d)(2)”.

4 (67) Section 529A(e)(4) is amended—

5 (A) by striking “section 152(d)(2)(B)” and
6 inserting “section 7706(d)(2)(B)”, and

7 (B) by striking “section 152(f)(1)(B)” and
8 inserting “section 7706(f)(1)(B)”.

9 (68) Section 643(a)(2) is amended—

10 (A) by striking “(relating to deduction for
11 personal exemptions)” and inserting “(relating
12 to basic deduction)”, and

13 (B) by striking “DEDUCTION FOR PER-
14 SONAL EXEMPTION” in the heading thereof and
15 inserting “BASIC DEDUCTION”.

16 (69) Section 703(a)(2) is amended by striking
17 subparagraph (A) and by redesignating subpara-
18 graphs (B) through (F) as subparagraphs (A)
19 through (E), respectively.

20 (70) Section 874 is amended by striking sub-
21 section (b) and by redesignating subsection (c) as
22 subsection (b).

23 (71) Section 891 is amended by striking “under
24 section 151 and”.

1 (72) Section 904(b)(1) is amended to read as
2 follows:

3 “(1) DEDUCTION FOR ESTATES AND TRUSTS.—
4 For purposes of subsection (a), the taxable income
5 of an estate or trust shall be computed without any
6 deduction under section 642(b).”.

7 (73) Section 931(b)(1) is amended to read as
8 follows:

9 “(1) any deduction from gross income, or”.

10 (74) Section 933 is amended—

11 (A) by striking “as a deduction from his
12 gross income any deductions (other than the de-
13 duction under section 151, relating to personal
14 exemptions)” in paragraph (1) and inserting
15 “any deduction from gross income”, and

16 (B) by striking “as a deduction from his
17 gross income any deductions (other than the de-
18 duction for personal exemptions under section
19 151)” in paragraph (2) and inserting “any de-
20 duction from gross income”.

21 (75) Section 1212(b)(2)(B)(ii) is amended to
22 read as follows:

23 “(ii) in the case of an estate or trust,
24 the deduction allowed for such year under
25 section 642(b).”.

1 (76) Section 1361(c)(1)(C) is amended by strik-
2 ing “section 152(f)(1)(C)” and inserting “section
3 7706(f)(1)(C)”.

4 (77) Section 1402(a) is amended by striking
5 paragraph (7).

6 (78) Section 2032A(c)(7)(D) is amended by
7 striking “section 152(f)(2)” and inserting “section
8 7706(f)(2)”.

9 (79) Section 3402(m)(1) is amended by striking
10 “other than the deductions referred to in section
11 151 and”.

12 (80) Section 3402(r)(2) is amended by striking
13 “the sum of—” and all that follows and inserting
14 “the basic standard deduction (as defined in section
15 63(c)) for an individual to whom section 63(c)(2)(C)
16 applies.”.

17 (81) Section 5000A(b)(3)(A) is amended by
18 striking “section 152” and inserting “section 7706”.

19 (82) Section 5000A(c)(4)(A) is amended by
20 striking “the number of individuals for whom the
21 taxpayer is allowed a deduction under section 151
22 (relating to allowance of deduction for personal ex-
23 emptions) for the taxable year” and inserting “the
24 sum of 1 (2 in the case of a joint return) plus the

1 number of the taxpayer's dependents for the taxable
2 year”.

3 (83) Section 6013(b)(3)(A) is amended—

4 (A) by striking “had less than the exemp-
5 tion amount of gross income” in clause (ii) and
6 inserting “had no gross income”,

7 (B) by striking “had gross income of the
8 exemption amount or more” in clause (iii) and
9 inserting “had any gross income”, and

10 (C) by striking the flush language fol-
11 lowing clause (iii).

12 (84) Section 6014(a) is amended by striking
13 “section 6012(a)(1)(C)(i)” and inserting “section
14 6012(a)(1)(B)(iii)”.

15 (85) Section 6014(b)(4) is amended by striking
16 “63(c)(5)” and inserting “63(c)(4)”.

17 (86) Section 6103(l)(21)(A)(iii) is amended to
18 read as follows:

19 “(iii) the number of the taxpayer's de-
20 pendents,”.

21 (87) Section 6213(g)(2)(H) is amended by
22 striking “section 21 (relating to expenses for house-
23 hold and dependent care services necessary for gain-
24 ful employment) or section 151 (relating to allow-
25 ance of deductions for personal exemptions)” and in-

1 serting “subsection (a)(1)(B), (b)(1)(A)(ii), or
2 (b)(1)(B) of section 2 or section 21, 35(d)(1)(B),
3 36B(b)(3)(B), or 63(f)(2)(B)”.

4 (88) Section 6334(d) is amended—

5 (A) by amending paragraph (2) to read as
6 follows:

7 “(2) EXEMPT AMOUNT.—

8 “(A) IN GENERAL.—For purposes of para-
9 graph (1), the term ‘exempt amount’ means an
10 amount equal to—

11 “(i) the sum of the amount deter-
12 mined under subparagraph (B) and the
13 standard deduction, divided by

14 “(ii) 52.

15 “(B) AMOUNT DETERMINED.—For pur-
16 poses of subparagraph (A), the amount deter-
17 mined under this subparagraph is—

18 “(i) the dollar amount in effect under
19 section 7706(d)(1)(B), multiplied by

20 “(ii) the number of the taxpayer’s de-
21 pendents for the taxable year in which the
22 levy occurs.

23 “(C) VERIFIED STATEMENT.—Unless the
24 taxpayer submits to the Secretary a written and
25 properly verified statement specifying the facts

1 necessary to determine the proper amount
2 under subparagraph (A), subparagraph (A)
3 shall be applied as if the taxpayer were a mar-
4 ried individual filing a separate return with no
5 dependents.”, and

6 (B) by striking paragraph (4).

7 (89) Section 7702B(f)(2)(C)(iii) is amended by
8 striking “section 152(d)(2)” and inserting “section
9 7706(d)(2)”.

10 (90) Section 7703(a) is amended by striking
11 “part V of subchapter B of chapter 1 and”.

12 (91) Section 7703(b)(1) is amended by striking
13 “section 152(f)(1)” and all that follows and insert-
14 ing “section 7706(f)(1) who is a dependent of such
15 individual for the taxable year (or would be but for
16 section 7706(e))”.

17 (92) Section 7706(a), as redesignated by this
18 section, is amended by striking “this subtitle” and
19 inserting “subtitle A”.

20 (93)(A) Section 7706(d)(1)(B), as redesignated
21 by this section, is amended by striking “the exemp-
22 tion amount (as defined in section 151(d))” and in-
23 serting “\$4,150”.

1 (B) Section 7706(d), as redesignated by this
2 section, is amended by adding at the end the fol-
3 lowing new paragraph:

4 “(6) INFLATION ADJUSTMENT.—In the case of
5 any taxable year beginning in a calendar year begin-
6 ning after 2018, the \$4,150 amount in paragraph
7 (1)(B) shall be increased by an amount equal to—

8 “(A) such dollar amount, multiplied by

9 “(B) the cost-of-living adjustment deter-
10 mined under section 1(c)(2)(A) for the calendar
11 year in which such taxable year begins, deter-
12 mined by substituting ‘calendar year 2017’ for
13 ‘calendar year 2016’ in clause (ii) thereof.

14 If any increase determined under the preceding sen-
15 tence is not a multiple of \$50, such increase shall
16 be rounded to the next lowest multiple of \$50.”.

17 (94) Section 7706(e)(3), as redesignated by this
18 section, is amended by inserting “(as in effect before
19 its repeal)” after “section 151”.

20 (95) Section 7706(f)(6)(B), as redesignated by
21 this section, is amended by striking clause (i) and
22 designating clauses (ii), (iii), and (iv) as clauses (i),
23 (ii), and (iii), respectively.

1 (96) The table of parts for subchapter B of
2 chapter 1 is amended by striking the item relating
3 to part V.

4 (97) The table of sections for chapter 79 is
5 amended by adding at the end the following new
6 item:

“Sec. 7706. Dependent defined.”.

7 (g) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years beginning after
9 December 31, 2017.

10 **SEC. 142. LIMITATION ON DEDUCTION FOR STATE AND**
11 **LOCAL, ETC. TAXES.**

12 (a) IN GENERAL.—Section 164(b)(6) is amended by
13 striking all that precedes “The preceding sentence” and
14 inserting the following:

15 “(6) LIMITATION ON INDIVIDUAL DEDUC-

16 TIONS.—In the case of an individual—

17 “(A) no deduction shall be allowed under
18 this chapter for foreign real property taxes paid
19 or accrued during the taxable year, and

20 “(B) the aggregate amount of the deduc-

21 tion allowed under this chapter for taxes de-

22 scribed in paragraphs (1), (2), and (3) of sub-

23 section (a) and paragraph (5) of this subsection

24 paid or accrued by the taxpayer during the tax-

25 able year shall not exceed \$10,000 (\$5,000 in

1 the case of a married individual filing a sepa-
2 rate return).”.

3 (b) **EFFECTIVE DATE.**—The amendment made by
4 this section shall apply to taxable years beginning after
5 December 31, 2017.

6 **SEC. 143. LIMITATION ON DEDUCTION FOR QUALIFIED RES-**
7 ****IDENCE INTEREST.****

8 (a) **INTEREST ON HOME EQUITY INDEBTEDNESS.**—
9 Section 163(h)(3)(A) is amended by striking “during the
10 taxable year on” and all that follows through “residence
11 of the taxpayer.” and inserting “during the taxable year
12 on acquisition indebtedness with respect to any qualified
13 residence of the taxpayer.”.

14 (b) **LIMITATION ON ACQUISITION INDEBTEDNESS.**—
15 Section 163(h)(3)(B)(ii) is amended to read as follows:

16 “(ii) **LIMITATION.**—The aggregate
17 amount treated as acquisition indebtedness
18 for any period shall not exceed the excess
19 (if any) of—

20 “(I) \$750,00 (\$375,000, in the
21 case of a married individual filing a
22 separate return), over

23 “(II) the sum of the aggregate
24 outstanding pre-October 13, 1987, in-
25 debtedness (as defined in subpara-

1 graph (D)) plus the aggregate out-
2 standing pre-December 15, 2017, in-
3 debtedness (as defined in subpara-
4 graph (C)).”.

5 (c) TREATMENT OF INDEBTEDNESS INCURRED ON
6 OR BEFORE DECEMBER 15, 2017.—Section 163(h)(3)(C)
7 is amended to read as follows:

8 “(C) TREATMENT OF INDEBTEDNESS IN-
9 CURRED ON OR BEFORE DECEMBER 15, 2017.—

10 “(i) IN GENERAL.—In the case of any
11 pre-December 15, 2017, indebtedness, sub-
12 paragraph (B)(ii) shall not apply and the
13 aggregate amount of such indebtedness
14 treated as acquisition indebtedness for any
15 period shall not exceed the excess (if any)
16 of—

17 “(I) \$1,000,000 (\$500,000, in
18 the case of a married individual filing
19 a separate return), over

20 “(II) the aggregate outstanding
21 pre-October 13, 1987, indebtedness
22 (as defined in subparagraph (D)).

23 “(ii) PRE-DECEMBER 15, 2017, IN-
24 DEBTEDNESS.—For purposes of this sub-
25 paragraph—

1 “(I) IN GENERAL.—The term
2 ‘pre-December 15, 2017, indebted-
3 ness’ means indebtedness (other than
4 pre-October 13, 1987, indebtedness)
5 incurred on or before December 15,
6 2017.

7 “(II) BINDING WRITTEN CON-
8 TRACT EXCEPTION.—In the case of a
9 taxpayer who enters into a written
10 binding contract before December 15,
11 2017, to close on the purchase of a
12 principal residence before January 1,
13 2018, and who purchases such resi-
14 dence before April 1, 2018, the term
15 ‘pre-December 15, 2017, indebted-
16 ness’ shall include indebtedness se-
17 cured by such residence.

18 “(iii) REFINANCING INDEBTED-
19 NESS.—

20 “(I) IN GENERAL.—In the case
21 of any indebtedness which is incurred
22 to refinance indebtedness, such refi-
23 nanced indebtedness shall be treated
24 for purposes of this subparagraph as
25 incurred on the date that the original

1 indebtedness was incurred to the ex-
2 tent the amount of the indebtedness
3 resulting from such refinancing does
4 not exceed the amount of the refi-
5 nanced indebtedness.

6 “(II) LIMITATION ON PERIOD OF
7 REFINANCING.—Subclause (I) shall
8 not apply to any indebtedness after
9 the expiration of the term of the origi-
10 nal indebtedness or, if the principal of
11 such original indebtedness is not am-
12 ortized over its term, the expiration of
13 the term of the 1st refinancing of
14 such indebtedness (or if earlier, the
15 date which is 30 years after the date
16 of such 1st refinancing).”.

17 (d) COORDINATION WITH TREATMENT OF INDEBT-
18 EDNESS INCURRED ON OR BEFORE OCTOBER 13, 1987.—
19 Section 163(h)(3)(D) is amended—

20 (1) by striking clause (ii) and redesignating
21 clauses (iii) and (iv) as clauses (ii) and (iii), respec-
22 tively, and

23 (2) in clause (iii) (as so redesignated)—

1 (A) by striking “clause (iii)” in the matter
2 preceding subclause (I) and inserting “clause
3 (ii)”, and

4 (B) by striking “clause (iii)(I)” in sub-
5 clauses (I) and (II) and inserting “clause
6 (ii)(I)”.

7 (e) COORDINATION WITH EXCLUSION OF INCOME
8 FROM DISCHARGE OF INDEBTEDNESS.—Section
9 108(h)(2) is amended by striking “\$1,000,000
10 (\$500,000” and inserting “\$750,000 (\$375,000”.

11 (f) CONFORMING AMENDMENT.—Section 163(h)(3)
12 is amended by striking subparagraph (F).

13 (g) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to taxable years beginning after
15 December 31, 2017.

16 **SEC. 144. MODIFICATION OF DEDUCTION FOR PERSONAL**
17 **CASUALTY LOSSES.**

18 (a) IN GENERAL.—Section 165(h)(5)(A) is amended
19 by striking “in a taxable year beginning after December
20 31, 2017, and before January 1, 2026,”.

21 (b) CONFORMING AMENDMENTS.—

22 (1) Section 165(h)(5)(B) is amended by strik-
23 ing “for any taxable year to which subparagraph (A)
24 applies”.

1 “(1) the deductions for costs which are paid or
2 incurred in connection with the administration of the
3 estate or trust and which would not have been in-
4 curred if the property were not held in such trust or
5 estate, and

6 “(2) the deductions allowable under sections
7 642(b), 651, and 661,
8 shall be treated as allowable in arriving at adjusted gross
9 income.”.

10 (c) CONFORMING AMENDMENTS.—

11 (1) Section 62(a) is amended by striking “sub-
12 title” in the matter preceding paragraph (1) and in-
13 serting “title”.

14 (2) Section 641(c)(2)(E) is amended to read as
15 follows:

16 “(E) Section 642(c) shall not apply.”.

17 (3) Section 1411(a)(2) is amended by striking
18 “(as defined in section 67(e))”.

19 (4) Section 6654(d)(1)(C) is amended by strik-
20 ing clause (iii).

21 (5) Section 67 is amended in the heading, by
22 striking “**2-PERCENT FLOOR ON**” and inserting
23 “**DENIAL OF**”.

24 (6) The table of sections for part 1 of sub-
25 chapter B of chapter 1 is amended by striking the

1 item relating to section 67 and inserting the fol-
2 lowing new item:

“Sec. 67. Denial of miscellaneous itemized deductions.”.

3 (d) **EFFECTIVE DATE.**—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 2017.

6 **SEC. 146. REPEAL OF OVERALL LIMITATION ON ITEMIZED**
7 **DEDUCTIONS.**

8 (a) **IN GENERAL.**—Part 1 of subchapter B of chapter
9 1 is amended by striking section 68 (and the item relating
10 to such section in the table of sections for such part).

11 (b) **CONFORMING AMENDMENTS.**—

12 (1) Section 1(f)(7)(A), as amended by sections
13 121 and 141, is amended by striking “or section
14 68(b)(2)”.

15 (2) Section 56(b)(1), as amended by the pre-
16 ceding provisions of this Act, is amended by striking
17 subparagraph (E).

18 (3) Section 164(b)(5)(H)(ii)(III) is amended by
19 striking “(as determined under section 68(b))”.

20 (4) Section 164(b)(5)(H) is amended by adding
21 at the end the following new clause:

22 “(iii) **APPLICABLE AMOUNT DE-**
23 **FINED.**—For purposes of clause (ii), the
24 term ‘applicable amount’ means—

1 “(I) \$300,000 in the case of a
2 joint return or a surviving spouse,

3 “(II) \$275,000 in the case of a
4 head of household,

5 “(III) \$250,000 in the case of an
6 individual who is not married and who
7 is not a surviving spouse or head of
8 household, and

9 “(IV) $\frac{1}{2}$ the amount applicable
10 under subclause (I) in the case of a
11 married individual filing a separate
12 return.

13 For purposes of this paragraph, marital
14 status shall be determined under section
15 7703. In the case of any taxable year be-
16 ginning in calendar years after 2017, each
17 of the dollar amounts in this clause shall
18 be increased by an amount equal to such
19 dollar amount, multiplied by the cost-of-liv-
20 ing adjustment determined under section
21 1(f)(3) for the calendar year in which the
22 taxable year begins, determined by sub-
23 stituting ‘2012’ for ‘2016’ in subparagraph
24 (A)(ii) thereof. If any amount after adjust-
25 ment under the preceding sentence is not

1 a multiple of \$50, such amount shall be
2 rounded to the next lowest multiple of
3 \$50.”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years beginning after
6 December 31, 2017.

7 **SEC. 147. TERMINATION OF EXCLUSION FOR QUALIFIED BI-**
8 **CYCLE COMMUTING REIMBURSEMENT.**

9 (a) IN GENERAL.—Section 132(f)(1) is amended by
10 striking subparagraph (D).

11 (b) CONFORMING AMENDMENTS.—

12 (1) Section 132(f)(2) is amended by adding
13 “and” at the end of subparagraph (A), striking
14 “and” at the end of subparagraph (B), and striking
15 subparagraph (C).

16 (2) Section 132(f)(4) is amended by striking
17 “(other than a qualified bicycle commuting reim-
18 bursement)”.

19 (3) Section 132(f) is amended by striking para-
20 graph (8).

21 (4) Section 274(l)(2) is amended by striking
22 “after December 31, 2017, and before January 1,
23 2026”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2017.

4 **SEC. 148. QUALIFIED MOVING EXPENSE REIMBURSEMENT**
5 **EXCLUSION LIMITED TO MEMBERS OF**
6 **ARMED FORCES.**

7 (a) IN GENERAL.—Section 132(g) is amended—

8 (1) by striking “by an individual” in paragraph
9 (1) and inserting “by a qualified military indi-
10 vidual”, and

11 (2) by striking paragraph (2) and inserting the
12 following new paragraph:

13 “(2) QUALIFIED MILITARY INDIVIDUAL.—For
14 purposes of this subsection, the term ‘qualified mili-
15 tary individual’ means a member of the Armed
16 Forces of the United States on active duty who
17 moves pursuant to a military order and incident to
18 a permanent change of station.”.

19 (b) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to taxable years beginning after
21 December 31, 2017.

22 **SEC. 149. DEDUCTION FOR MOVING EXPENSES LIMITED TO**
23 **MEMBERS OF ARMED FORCES.**

24 (a) IN GENERAL.—Section 217 is amended—

1 (1) by amended subsection (a) to read as fol-
2 lows:

3 “(a) DEDUCTION ALLOWED.—There shall be allowed
4 as a deduction moving expenses paid or incurred during
5 the taxable year by a member of the Armed Forces of the
6 United States on active duty who moves pursuant to a
7 military order and incident to a permanent change of sta-
8 tion.”,

9 (2) by striking subsections (c), (d), (f), and (g)
10 and redesignating subsections (h), (i), and (j) as
11 subsections (c), (d), and (f), respectively, and

12 (3) by inserting after subsection (d), as so re-
13 designated, the following new subsection:

14 “(e) EXPENSES FURNISHED IN KIND.—Any moving
15 and storage expenses which are furnished in kind (or for
16 which reimbursement or an allowance is provided, but only
17 to the extent of the expenses paid or incurred)—

18 “(1) to such member, his spouse, or his depend-
19 ents, shall not be includible in gross income, and no
20 reporting with respect to such expenses shall be re-
21 quired by the Secretary of Defense or the Secretary
22 of Transportation, as the case may be, and

23 “(2) to such member’s spouse and his depend-
24 ents with regard to moving to a location other than
25 the one to which such member moves (or from a lo-

1 cation other than the one from which such member
2 moves), this section shall apply with respect to the
3 moving expenses of his spouse and dependents as if
4 his spouse commenced work as an employee at a new
5 principal place of work at such location.”.

6 (b) CONFORMING AMENDMENTS.—

7 (1) Subsections (d)(3)(C) and (e) of section 23
8 are each amended by striking “section 217(h)(3)”
9 and inserting “section 217(c)(3)”.

10 (2) Section 7872(f) is amended by striking
11 paragraph (11).

12 (3) Section 217 is amended in the heading by
13 striking “**MOVING EXPENSES**” and inserting
14 “**CERTAIN MOVING EXPENSES OF MEMBERS OF**
15 **ARMED FORCES**”.

16 (4) The table of sections for part VII of sub-
17 chapter B of chapter 1 is amended by striking the
18 item relating to section 217 and inserting the fol-
19 lowing new item:

“Sec. 217. Certain moving expenses of members of Armed Forces.”.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to taxable years beginning after
22 December 31, 2017.

1 **SEC. 150. LIMITATION ON WAGERING LOSSES.**

2 (a) IN GENERAL.—Section 165(d) is amended by
3 striking “in the case of taxable years beginning after De-
4 cember 31, 2017, and before January 1, 2026”.

5 (b) EFFECTIVE DATE.—The amendment made by
6 this section shall apply to taxable years beginning after
7 December 31, 2017.

8 **Subtitle F—Increase in Estate and**
9 **Gift Tax Exemption**

10 **SEC. 151. INCREASE IN ESTATE AND GIFT TAX EXEMPTION.**

11 (a) IN GENERAL.—Section 2010(c)(3) is amended in
12 subparagraph (A), by striking “\$5,000,000” and inserting
13 “\$10,000,000”.

14 (b) CONFORMING AMENDMENTS.—

15 (1) Section 2001(g) is amended to read as fol-
16 lows:

17 “(g) MODIFICATIONS TO GIFT TAX PAYABLE TO RE-
18 FLECT DIFFERENT TAX RATES.—For purposes of apply-
19 ing subsection (b)(2) with respect to 1 or more gifts, the
20 rates of tax under subsection (c) in effect at the decedent’s
21 death shall, in lieu of the rates of tax in effect at the time
22 of such gifts, be used both to compute—

23 “(1) the tax imposed by chapter 12 with respect
24 to such gifts, and

25 “(2) the credit allowed against such tax under
26 section 2505, including in computing—

1 “(A) the applicable credit amount under
2 section 2505(a)(1), and

3 “(B) the sum of the amounts allowed as a
4 credit for all preceding periods under section
5 2505(a)(2).”.

6 (2) Section 2010(c)(3) is amended by striking
7 subparagraph (C).

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to estates of decedents dying and
10 gifts made after December 31, 2017.

11 **TITLE II—INCREASED EXEMP-**
12 **TION FOR ALTERNATIVE MIN-**
13 **IMUM TAX MADE PERMANENT**

14 **SEC. 201. INCREASED EXEMPTION FOR INDIVIDUALS.**

15 (a) IN GENERAL.—Section 55(d)(1) is amended—

16 (1) by striking “\$78,750” in subparagraph (A)
17 and inserting “\$109,400”, and

18 (2) by striking “\$50,600” in subparagraph (B)
19 and inserting “\$70,300”.

20 (b) PHASE-OUT OF EXEMPTION AMOUNT.—Section
21 55(d)(2) is amended—

22 (1) by striking “\$150,000” in subparagraph
23 (A) and inserting “\$1,000,000”, and

24 (2) by striking subparagraphs (B) and (C) and
25 by inserting the following new subparagraphs:

1 “(B) 50 percent of the dollar amount ap-
2 plicable under subparagraph (A) in the case of
3 a taxpayer described in paragraph (1)(B) or
4 (1)(C), and

5 “(C) \$75,000 in the case of a taxpayer de-
6 scribed in paragraph (1)(D).”,

7 (c) INFLATION ADJUSTMENT.—Section 55(d)(3) is
8 amended to read as follows:

9 “(3) INFLATION ADJUSTMENT.—In the case of
10 any taxable year beginning in a calendar year after
11 2018, each dollar amount described in clause (i) or
12 (ii) of subparagraph (B) shall be increased by an
13 amount equal to—

14 “(A) such dollar amount, multiplied by

15 “(B) the cost-of-living adjustment deter-
16 mined under section 1(f)(3) for the calendar
17 year in which the taxable year begins, deter-
18 mined by substituting—

19 “(i) in the case of a dollar amount
20 contained in paragraph (1)(D) or (2)(C) or
21 in subsection (b)(1)(A), ‘calendar year
22 2011’ for ‘calendar year 2016’ in subpara-
23 graph (A)(ii) thereof, and

24 “(ii) in the case of a dollar amount
25 contained in paragraph (1)(A), (1)(B), or

1 (2)(A), ‘calendar year 2017’ for ‘calendar
2 year 2016’ in subparagraph (A)(ii) thereof.
3 Any increased amount determined under this
4 paragraph shall be rounded to the nearest mul-
5 tiple of \$100 (\$50 in the case of the dollar
6 amount contained in paragraph (2)(C)).”.

7 (d) CONFORMING AMENDMENT.—Section 55(d) is
8 amended by striking paragraph (4).

9 (e) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 December 31, 2017.

