

Anchin Alert

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Senate GOP Releases Tax Reform Plan

The Senate released its long awaited tax reform proposal. While many similarities exist with the House bill many differences also exist. Here are a few observations:

- The Senate provisions contain 7 individual income tax brackets, topping out at 38.5%, while the House bill contains four topping out at 39.6%.
- The Senate proposal retains the \$1 million home mortgage interest deduction that exists under current law. It also retains the ability to take this deduction on a second qualified residence. The new proposal does however repeal the ability to deduct interest on home equity indebtedness.
- Like the House version, the Senate bill limits the \$500,000/250,000 exclusion of gain from the sale of principal residences to homes that taxpayers live in for 5 out of the last 8 years, but does not phase out the exclusion for higher income taxpayers.
- Unlike the House, the Senate proposes to retain the individual deductions for medical expenses.
- The tax treatment of alimony would remain as it is under current law.
- While both the House and Senate propose to reduce the corporate tax rate to 20%, the Senate contains a one year delay in the effective date.
- Like the House, the Senate also proposes a lower tax rate on pass through entities such as partnerships and S Corporations but accomplishes it in a very different manner.
- While the House proposal would double the estate tax exemption and eventually repeal it in 2023, the Republican proposed Senate legislation would likewise double the exemption but not repeal the tax.

For more information, feel free to contact your Anchin Relationship Partner.

For a more comprehensive comparison of the two proposals, please visit our website:

<http://www.anchin.com/news/anchin-alert-compare-and-contrast-the-house-and-senate-tax-bills>

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