Republican Tax Reform Plan Highlights

- Limits the maximum rate applied to pass-through entities to 25% (currently 39.6%)
- Reduces the corporate rate to 20% (currently 35%)
- Consolidates the seven individual tax brackets to three: 12%, 25%, and 35%
  - Allots room for Congress to add a fourth bracket for high-income earners
- Repeals the Estate Tax
- Repeals the Alternative Minimum Tax (AMT)
- Eliminates taxes on the first $24,000 of income earned by a married couple and the first $12,000 of income earned by a single individual (currently $12,700 for married filers and $6,350 for single filers)
- Eliminates the standard deduction and personal exemption for filers
- Allows businesses to expense the cost of new investments in depreciable assets other than structures for at least five years
- Partially limits the deduction for net interest expense incurred by C corporations
- Eliminates some itemized deductions (but does not specify which provisions), but retains the mortgage interest deduction, the charitable deduction, the research and development credit, and the low-income housing credit
- Eliminates § 199 manufacturing deduction
- Retains tax benefits for retirement security (401(k), IRA)
- Implements territorial tax system, where foreign source profits are not subject to U.S. tax upon return
- Replaces personal exemption for dependents with a child tax credit and a $500 nonrefundable credit for non-child dependents