



Taxpayer’s Guide to the 2017 Republican Tax Reform Plan

A conference committee will reconcile differences between the House and Senate plans before a final Congressional vote.

How Much Would Your Taxes Change in 2027?

| Income Quintile | Average Tax Change In 2027 (\$) |
|----------------------|---------------------------------|
| \$28,100 or less | +20 |
| \$28,101 - \$54,700 | +10 |
| \$54,701 - \$93,200 | -40 |
| \$93,201 - \$154,900 | -140 |
| \$154,901 or more | -1460 |

Source: Tax Policy Center

On Students

- Repeals deduction for student loan interest payments (H)
- Repeals tax exemption for graduate student tuition waivers (H)
- Repeals Lifetime Learning Credit and Hope Scholarship Credit; extends American Opportunity Tax Credit (H)

On Parents and Families

- Increases maximum child tax credit to \$2000 (S) or \$1600 (H) from \$1000
 - Increases refundability of the credit - limited to 15% of family income above \$2500 vs. current threshold of \$3000 (H,S)
 - Expands child tax credit eligibility to cover 17-year-olds (S)
 - 1 in 3 children in low- and moderate-income working families would receive less than the full proposed increase in the child tax credit [Center on Budget and Policy Priorities]
- Creates \$500 family tax credit (S) vs. \$300 family tax credit (H)
- Expands use of money in tax-exempt 529 college savings plans for private K-12 school tuition (H,S)

On Current (and Future) Homeowners

- Caps deduction for property taxes at \$10,000 (H,S)
- Caps mortgage interest deduction at \$500,000 of mortgage (H)
 - Senate bill keeps cap at \$1,000,000; excludes deduction for equity debt
- Corporate tax rate cut would devalue the Low Income Housing Tax Credit (responsible for 90% of affordable housing creation) to investors [National Low Income Housing Coalition]
 - Projected loss of 1 million affordable rental units in next decade [Novogradac & Company]

On Residents in States with Income Taxes

- Repeals deduction for state and local income and sales taxes paid (H,S)
 - Would strain state and local funding for essential programs like education and infrastructure and potentially increase state and local taxes on low-income individuals [Center on Budget and Policy Priorities]

H = House version of the bill

S = Senate version of the bill



Individual Income Tax Brackets (Single Filers): Current Law vs. Proposals

| Current Law | | Senate Tax Plan | | House Tax Plan | |
|-----------------------------|-----------------------|--------------------------------|-----------------------|--------------------------------|-----------------------|
| Tax Rate | Income | Tax Rate | Income | Tax Rate | Income |
| 10% | \$0 - \$9,325 | 10% | \$0 - \$9,525 | 12% | \$0 - \$45,000 |
| 15% | \$9,326 - \$37,950 | 15% | \$9,526 - \$38,700 | | |
| 25% | \$37,951 - \$91,900 | 25% | \$38,701 - \$70,000 | 25% | \$45,001 - \$200,000 |
| 28% | \$91,901 - \$191,650 | 28% | \$70,001 - \$160,000 | | |
| 33% | \$191,651 - \$416,700 | 33% | \$160,001 - \$200,000 | 35% | \$200,001 - \$500,000 |
| 35% | \$416,701 - \$418,400 | 35% | \$200,001 - \$500,000 | | |
| 39.6% | \$418,401 or more | 38.5% | \$500,001 or more | 39.6% | \$500,001 or more |
| Standard Deduction: \$6,350 | | Standard Deduction: \$12,000 | | Standard Deduction: \$12,200 | |
| Personal Exemption: \$4,050 | | Personal Exemption: Eliminated | | Personal Exemption: Eliminated | |

Source: Business Insider

On The Budget and Economy

- Adds over \$1.4 trillion to the federal deficit over ten years [Congressional Budget Office]
 - Projected to generate over \$400 billion in net new revenue [Joint Committee on Taxation]
- Tax revenue lost from tax cuts could trigger PAYGO, which would require immediate spending reductions in many mandatory programs, including:
 - Medicare (projected \$25 billion cut annually), funding for human services (foster care and child care) and employment services for people with disabilities, and the Student Loan Administration [Congressional Budget Office]

On Healthcare

- Repeals Affordable Care Act's individual mandate, the tax penalty for not having insurance (S)
 - 13 million more Americans are projected to be uninsured [Congressional Budget Office/Joint Committee on Taxation]
 - Premiums projected to rise at least 10% per year [Congressional Budget Office]
- Repeals medical expenses deduction (H)
 - Senate bill expands medical expense deduction to 7.5% of income until 2019

On Corporations

- Reduces corporate tax rate from 35% to 20% (H,S)
- Caps business interest deduction at 30% of income (H,S)
- Repeals alternative minimum tax (H); Senate bill keeps it

H = House version of the bill

S = Senate version of the bill