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?

<table>
<thead>
<tr>
<th>Income Quintile</th>
<th>Average Tax Change In 2027 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$28,100 or less</td>
<td>+20</td>
</tr>
<tr>
<td>$28,101 - $54,700</td>
<td>+10</td>
</tr>
<tr>
<td>$54,701 - $93,200</td>
<td>-40</td>
</tr>
<tr>
<td>$93,201 - $154,900</td>
<td>-140</td>
</tr>
<tr>
<td>$154,901 or more</td>
<td>-1460</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th>Tax Rate</th>
<th>Income</th>
<th>Tax Rate</th>
<th>Income</th>
<th>Tax Rate</th>
<th>Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td>$0 - $9,325</td>
<td>10%</td>
<td>$0 - $9,525</td>
<td>12%</td>
<td>$0 - $45,000</td>
</tr>
<tr>
<td>15%</td>
<td>$9,326 - $37,950</td>
<td>15%</td>
<td>$9,526 - $38,700</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25%</td>
<td>$37,951 - $91,900</td>
<td>25%</td>
<td>$38,701 - $70,000</td>
<td>25%</td>
<td>$45,001 - $200,000</td>
</tr>
<tr>
<td>28%</td>
<td>$91,901 - $191,650</td>
<td>28%</td>
<td>$70,001 - $160,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>33%</td>
<td>$191,651 - $416,700</td>
<td>33%</td>
<td>$160,001 - $200,000</td>
<td>35%</td>
<td>$200,001 - $500,000</td>
</tr>
<tr>
<td>35%</td>
<td>$416,701 - $418,400</td>
<td>35%</td>
<td>$200,001 - $500,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>39.6%</td>
<td>$418,401 or more</td>
<td>38.5%</td>
<td>$500,001 or more</td>
<td>39.6%</td>
<td>$500,001 or more</td>
</tr>
<tr>
<td>Standard Deduction: $6,350</td>
<td>Standard Deduction: $12,000</td>
<td>Standard Deduction: $12,200</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Exemption: $4,050</td>
<td>Personal Exemption: Eliminated</td>
<td>Personal Exemption: Eliminated</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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