

9.27.17



Ahead of tomorrow's tax rollout, wanted to share some details obtained today from folks at Treasury:

- The President will be speaking in Indiana tomorrow at 3PM. Main themes of the speech will include: Middle class cuts, eliminating loop holes, leveling the playing field for the American worker, and making our business rate competitive.
- Framework will be jointly released by the WH/Senate Finance/Ways & Means, language will include that the tax system must remain at least as regressive as the current code.
- The Committees will proceed through regular order and craft specific legislation, this framework is simply the agreed upon guidance/instructions.

#### Individual Code:

- Move from 7 brackets to 3, and a larger zero percent tax bracket.
- *New rates:* 12%, 25%, and 35%. They leave room for the Committees to develop a 4<sup>th</sup> bracket on the top end of the scale.
- No Income levels will be included in tomorrow's framework, it will be left to the Committees.
- Larger standard deductions - \$12,000 individual, \$24,000 married couples.
- Larger child tax credit, children under 17 qualify and it will be a 'significant raise' over the current \$1,000, details will be left to Congressional Committees.
- New \$500 credit for older dependents (parents etc).
- State and local tax deduction will be repealed.
- Repeal the Death Tax
- Eliminate the AMT
- Instructions to eliminate most itemized deductions – however mortgage and charitable deductions will remain intact, details will be left to Congressional Committees.

#### Business Tax:

- Small business max rate is 25%, S-Corps, LLC, pass throughs etc.
- Corporate rate is 20%.
- Eliminate the Corporate AMT.
- Immediate/full expensing for 5 years at 100%.
- Interest deduction will be partially limited.
- Keep R&D and Low income housing credits.

#### International Tax:

- Moving to a territorial system from a worldwide system.
- All profits accrued to date overseas will be subject to a one-time tax, with cash being taxed at one rate and other profits at a different rate (rate determined by Committees).