Comparison of key aspects of president's tax plan, House GOP blueprint, Camp tax reform bill

This chart provides a high-level comparison of key tax reform proposals included in (1) President Trump's tax plan, as described by Treasury Secretary Mnuchin and National Economic Council Director Cohn at a White House press conference on April 26, 2017; (2) "A Better Way—Our Vision for a Confident America," released by the House of Representatives Republican Tax Reform Tax Force on June 24, 2016 (House blueprint); and (3) the Tax Reform Act of 2014, as introduced by former Chairman of the House Ways and Means Committee, Dave Camp, in December 2014 (Camp bill).

Information contained herein is not intended to be "written advice concerning one of more federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230 and is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

Individual tax proposals

	President Trump (April 26, 2017)	House blueprint	Camp bill
Ordinary income rate	10%-25%-35%	12%-25%-33%	10%-25%-35%. 35% bracket results from 10% surtax on modified adjusted gross income (MAGI) over certain thresholds. MAGI would be decreased by qualified domestic manufacturing income
Standard deduction/personal exemption	Double the standard deduction	Consolidate personal exemption/standard deduction into larger standard deduction ($24K for married filing jointly; $18K for single individuals with a child in the household; $12K for all other individuals)	Increase standard deduction to $11K/ $22K with phase out if taxpayer's modified adjusted gross income (AGI) exceeds $513,600; eliminate personal exemptions
Itemized deductions	Eliminate itemized deductions other than home mortgage interest and charitable deductions	Eliminate itemized deductions other than home mortgage interest and charitable deductions (but undisclosed changes could be made to home mortgage interest deduction)	Eliminate itemized deductions for interest on home equity indebtedness, certain types of business expenses incurred by an employee, state and local property taxes not incurred in carrying on a trade or business, and personal casualty and theft losses

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	President Trump (April 26, 2017)	House blueprint	Camp bill
			Impose a 2% floor on charitable deductions
Special credits, deductions, & exemptions	Provide tax relief to help families with child and dependent care expenses	Eliminate various unspecified exemptions, deductions, and credits Consolidate and reform existing incentives for savings and investment Simplify and consolidate existing incentives for education Provide enhanced child and dependent care tax credit	Repeal the dependent care credit, the health care credit and certain other individual credits Modify earned income tax credit (EITC)
Individual alternative minimum tax (AMT)	Repeal	Repeal	Repeal
Net investment income tax	Repeal	Not addressed as part of tax reform blueprint (but repeal is contemplated as part of healthcare legislation)	Does not address
Investment income rate	Same as current law (20%), but no additional net investment income tax	50% deduction for capital gains, *interest*, and dividends (6%, 12.5%, 16.5% rates)	Deduction of 40% of adjusted net capital gain
Carried interest	Not mentioned	Not clear	Tax some income from partnership profits interests of managers of some investment funds as ordinary income—very generally, recharacterize a portion (and, in some situations, all) of a service partner's share of partnership income as ordinary based on a formula designed to approximate the compensation earned by the service partner for managing the partnership's capital

	President Trump (April 26, 2017)	House blueprint	Camp bill
Estate tax	Repeal	Repeal. Silent as to basis consequences	Keep
Gift tax	Not mentioned	Not clear	Keep

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Business tax proposals

	President Trump (April 26, 2017)	House blueprint	Camp bill
Corporate rate	15%	Flat rate of 20%	Reduce maximum corporate tax rate to 25% (over several years)
Individual owners of partnerships and proprietorships	15% rate with respect to passthrough businesses (with an unspecified mechanism to be discussed with Congress to address concerns that some individuals might attempt to use passthroughs to avoid paying proper amount of taxes). Possibly limited to "small" and "medium" businesses.	"Active business income" of owners of passthrough entities capped at 25% ordinary income rate. Other ordinary income could be subject to tax at up to 33% rate Special rate on active business income backstopped by "reasonable compensation" requirement for owner-operators As above, net investment income tax not addressed as part of tax reform proposal	Rules for computing modified adjusted gross income (MAGI) intended to ensure that owners of passthroughs that are engaged in qualified domestic manufacturing are taxed at no higher than 25% Owners of other passthroughs could be subject to tax at up to 35% rate (plus could be subject to 3.8% net investment income tax, depending on participation level) Modify employment tax rules. Owners that materially participate in entity's trade or business treat 70% of combined compensation and distributive share as subject to employment taxes Other changes to Sub S, Sub K, and publicly traded partnership (PTP) rules
Cost recovery	Not mentioned	Allow businesses to fully and immediately expense the cost of investments in tangible property (such as buildings and equipment) and intangible assets (such as intellectual property), but not land	Repeal modified accelerated cost recovery system (MACRS) for business assets and replace with system that lengthens recovery lives and indexes depreciable basis for inflation

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	President Trump (April 26, 2017)	House blueprint	Camp bill
			Extend from 15 years to 20 years the amortization period for acquired Code section 197 intangibles, which include purchased goodwill and going concern value, certain covenants not to compete, trademarks, trade names, and franchises Acquired mortgage servicing rights would be amortized over 20 years rather than over 108 months $250K maximum limitation on expensing of business property per year, with reduction as total investment exceeds $800K, subject to various special rules
Interest expense	Not mentioned	Allow businesses to deduct interest expense only against interest income, with any net interest expense that is not deductible being carried forward indefinitely—with unspecified special rules for financial services companies	No broad net interest expense rule, but includes limits on amount of deductible interest expense that could apply to a U.S. corporation that is a U.S. shareholder with one or more foreign corporations when the U.S. and foreign corporations are members of the same worldwide affiliated group. Intended in part to reduce incentives for U.S. corporations to maintain excessive leverage
Net operating losses (NOLs)	Not mentioned	Allow NOLs to be carried forward indefinitely and indexed for inflation, but no carry back. Carryforwards limited to 90% of the net taxable amount for the year determined without regard to the carryforward	Limit a corporation’s NOL deduction to 90% of taxable income Repeal special NOL carryback provisions other than the provision relating to certain casualty and disaster losses

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	President Trump (April 26, 2017)	House blueprint	Camp bill
			Repeal the limitation on the carryback of excess interest losses attributable to corporate equity reduction transactions (CERTs)
Research credit	Not mentioned	Keep, with unspecified modifications	Keep, with modifications
Last in, first out (LIFO)	Not mentioned	Superseded by expensing of non-imported inventory	Repeal
Corporate AMT	Not clear. Reference to repealing AMT appeared to relate to individual AMT.	Repeal	Repeal (with unused AMT credits refundable over several years)
Selected revenue raisers	Eliminate unspecified tax breaks for “special interests”	Eliminate various unspecified “special interest deductions and credits” designed to encourage particular business activities, including section 199 (but not research and development (R&D) credit)	Eliminate various tax credits Phase out section 199 deduction Require research and advertising expense to be amortized (instead of expensed) Repeal section 1031 Repeal lower-of-cost or market; modify use of cash method Tax on certain large financial institutions; require derivatives to be marked to market; change market discount rules; limitation on deduction for FDIC premiums; various insurance provisions Other

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International tax proposals

	President Trump (April 26, 2017)	House blueprint	Camp bill
Destination based cash flow system, with border adjustments	Not mentioned in one-page summary document	Move towards a destination-based tax system under which the taxing jurisdiction for business income would be based on the location of consumption – where goods are sold or services are performed – rather than the location of production. Border adjustments generally would provide for no tax on exports and no deductions for imports	Not included
Territorial system	Move to territorial system. No details available.	Replace current system of taxing U.S. persons on their worldwide income with a territorial tax system 100% exemption for dividends received from foreign subsidiaries Repeal most of current subpart F regime, but retain foreign personal holding company rules for passive foreign income	Generally, a U.S. corporate shareholder would be entitled to a 95% deduction for the foreign sourced portion of dividends received from certain foreign subsidiaries. Includes complex provisions to prevent offshore shifting of profits To protect against base erosion, would impose a minimum tax of 15% on a controlled foreign corporation's foreign earnings by creating a new category of subpart F income (foreign base company intangible income) for foreign earnings subject to an effective tax rate below 15%. Exclude from the foreign base company intangible income (FBCII) tax base a specified percentage (10%) of the controlled foreign corporation's (CFC) qualified business asset investment, defined as the aggregate adjusted basis

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	President Trump (April 26, 2017)	House blueprint	Camp bill
			of certain tangible depreciable property used in the CFC's trade or business Modify active financing exception
Repatriation of existing earnings and profits (E&P)	Foreign earnings accumulated under old system taxed; rate determined in consultation with Congress	Foreign earnings accumulated under old system repatriated by paying tax of 8.75% to the extent held in cash or cash equivalents or 3.5% otherwise (payable in installments over 8 years)	Foreign earnings accumulated under old system repatriated by paying tax of 8.75% to the extent held in cash or cash equivalents or 3.5% otherwise (payable in installments over 8 years)

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Revenue and distribution

	President Trump (April 26, 2017)	House blueprint	Camp bill
Revenue	Tax reform to be paid for through economic growth, reducing deductions, and closing loopholes.	Envisions revenue neutral tax reform measured by: • Using a "current policy baseline" • Including positive revenue effects from economic growth • Assuming that tax increases enacted as part of Obama Administration health legislation will be repealed in other legislation	Structured to be revenue neutral using Joint Committee on Taxation (JCT) traditional scoring conventions, but JCT analysis included 3 different macroeconomic estimates, using different models and assumptions
Distribution	Not specified	Envisions a new system under which no income group will see an increase in its federal tax burden	Structured to be "distributionally neutral"