

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

Changes Brackets

The plan would also repeal the alternative minimum tax (AMT) and the estate tax, while preserving the current status quo tax deferred treatment of 401(k) and similar accounts.

Nov. 02, 2017

Republican leaders in the U.S. House of Representatives released their new tax cut plan on Thursday. The heart of the plan is a cut to the corporate income tax rate from 35% to 20%, as well as doubling the standard deduction for couples to \$24,000 and increasing the child tax credit. Critics claim the tax plan may add an estimated \$1.5 trillion to the national debt over the next 10 years, however proponents are confident the reforms will stimulate economic growth which will offset the tax cuts.

The plan would repeal the Alternative Minimum Tax (AMT) and the estate tax, while preserving the current status quo tax deferred treatment of 401(k) and similar accounts.

The tax plan would cap the state and local property tax deduction at \$10,000, while eliminating the deduction for state and local income and sales taxes.

Homeowners would see a limit on the mortgage interest deduction, with a new cap limiting the deduction of interest to loans of up to \$500,000 instead of the current \$1,000,000. "Eliminating or nullifying the tax incentives for homeownership puts home values and middle-class homeowners at risk, and from a cursory examination, this legislation appears to do just that," William E. Brown, president of the National Association of Realtors, told the *Los Angeles Times*.

While the tax reform proposal would maintain a 39.6 percent tax rate at the top, it raises the income threshold for this amount.

Under the reform proposal, the child tax credit would increase from \$1,000 to \$1,600.

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

New Tax Brackets

The tax plan changes the current 7-bracket structure to only four. The first \$24,000 in income for a household would have no taxation because of the increased standard deduction. The second bracket, \$24,000 to \$90,000 would have a tax rate of 12%. Income from \$90,000 to \$260,000 would have a 25% rate. Income from \$260,000 to \$1 million would have a 35% rate. And income above that would be taxed at 39.6%.

“What we are seeing today is a plan that exacerbates the unfairness and inequality in our tax code,” said Senate Minority Leader Charles E. Schumer (D-N.Y.) “The Republican tax plan would put two thumbs down on a scale already tipped towards the wealthy and powerful. ... Surely we can do better.” Meanwhile, Speaker of the House Paul Ryan (R-Wis) tweeted that the bill “... will cut your taxes and make the entire system more simple. This will be a game changer.”

Income Tax • IRS • Taxes

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2024 Firmworks, LLC. All rights reserved