

# Union Calendar No. 746

115<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 6760

[Report No. 115-958]

To amend the Internal Revenue Code of 1986 to make permanent certain provisions of the Tax Cuts and Jobs Act affecting individuals, families, and small businesses.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 10, 2018

Mr. RODNEY DAVIS of Illinois (for himself, Mr. MEADOWS, Mr. WALKER, Mr. BRADY of Texas, Mr. SAM JOHNSON of Texas, Mr. NUNES, Mr. REICHERT, Mr. ROSKAM, Mr. BUCHANAN, Mr. SMITH of Nebraska, Ms. JENKINS of Kansas, Mr. PAULSEN, Mr. MARCHANT, Mrs. BLACK, Mr. REED, Mr. KELLY of Pennsylvania, Mr. RENACCI, Mrs. NOEM, Mr. HOLDING, Mr. SMITH of Missouri, Mr. RICE of South Carolina, Mr. SCHWEIKERT, Mrs. WALORSKI, Mr. CURBELO of Florida, Mr. BISHOP of Michigan, Mr. LAHOOD, and Mr. WENSTRUP) introduced the following bill; which was referred to the Committee on Ways and Means

SEPTEMBER 24, 2018

Additional sponsors: Mrs. BLACKBURN, Mr. MITCHELL, Mr. SESSIONS, Mr. ESTES of Kansas, Mr. ABRAHAM, Mr. MARSHALL, Mr. KINZINGER, Mr. BANKS of Indiana, Mr. CHABOT, Mr. STIVERS, Mr. GUTHRIE, Mr. ARRINGTON, Mr. ALLEN, and Mr. GIANFORTE

SEPTEMBER 24, 2018

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italie*]

[For text of introduced bill, see copy of bill as introduced on September 10, 2018]

# **A BILL**

To amend the Internal Revenue Code of 1986 to make permanent certain provisions of the Tax Cuts and Jobs Act affecting individuals, families, and small businesses.

1 *Be it enacted by the Senate and House of Representa-*  
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE, ETC.**

4 (a) *SHORT TITLE.*—*This Act may be cited as the “Pro-*  
 5 *tecting Family and Small Business Tax Cuts Act of 2018”.*

6 (b) *AMENDMENT OF 1986 CODE.*—*Except as otherwise*  
 7 *expressly provided, whenever in this Act an amendment or*  
 8 *repeal is expressed in terms of an amendment to, or repeal*  
 9 *of, a section or other provision, the reference shall be consid-*  
 10 *ered to be made to a section or other provision of the Inter-*  
 11 *nal Revenue Code of 1986.*

12 (c) *REFERENCES TO THE TAX CUTS AND JOBS ACT.*—  
 13 *Title I of Public Law 115-97 may be cited as the “Tax*  
 14 *Cuts and Jobs Act”.*

15 (d) *TABLE OF CONTENTS.*—*The table of contents of*  
 16 *this Act is as follows:*

*Sec. 1. Short title, etc.*

*TITLE I—INDIVIDUAL REFORM MADE PERMANENT*

*Subtitle A—Rate Reform*

*Sec. 101. Modification of rates.*

*Subtitle B—Deduction for Qualified Business Income of Pass-thru Entities*

*Sec. 111. Deduction for qualified business income.*

*Sec. 112. Limitation on losses for taxpayers other than corporations.*

*Subtitle C—Tax Benefits for Families and Individuals*

*Sec. 121. Increase in standard deduction.*

*Sec. 122. Increase in and modification of child tax credit.*

*Sec. 123. Increased limitation for certain charitable contributions.*

*Sec. 124. Increased contributions to ABLE accounts.*

*Sec. 125. Rollovers to ABLE programs from 529 programs.*

*Sec. 126. Treatment of certain individuals performing services in the Sinai Pe-*  
*ninsula of Egypt.*

*Sec. 127. Extension of reduction in threshold for medical expense deduction.*

*Subtitle D—Education*

*Sec. 131. Treatment of student loans discharged on account of death or disability.*

*Subtitle E—Deductions and Exclusions*

*Sec. 141. Repeal of deduction for personal exemptions.*

*Sec. 142. Limitation on deduction for State and local, etc. taxes.*

*Sec. 143. Limitation on deduction for qualified residence interest.*

*Sec. 144. Modification of deduction for personal casualty losses.*

*Sec. 145. Termination of miscellaneous itemized deductions.*

*Sec. 146. Repeal of overall limitation on itemized deductions.*

*Sec. 147. Termination of exclusion for qualified bicycle commuting reimbursement.*

*Sec. 148. Qualified moving expense reimbursement exclusion limited to members of Armed Forces.*

*Sec. 149. Deduction for moving expenses limited to members of Armed Forces.*

*Sec. 150. Limitation on wagering losses.*

*Subtitle F—Increase in Estate and Gift Tax Exemption*

*Sec. 151. Increase in estate and gift tax exemption.*

**TITLE II—INCREASED EXEMPTION FOR ALTERNATIVE MINIMUM  
TAX MADE PERMANENT**

*Sec. 201. Increased exemption for individuals.*

**1 TITLE I—INDIVIDUAL REFORM**  
**2 MADE PERMANENT**  
**3 Subtitle A—Rate Reform**

**4 SEC. 101. MODIFICATION OF RATES.**

**5 (a) MARRIED INDIVIDUALS FILING JOINT RETURNS**  
**6 AND SURVIVING SPOUSES.—Section 1(a) is amended by**  
**7 striking the table contained therein and inserting the fol-**  
**8 lowing:**

**“If taxable income is:**

**The tax is:**

<i>Not over \$19,050 .....</i>	<i>10% of taxable income.</i>
<i>Over \$19,050 but not over \$77,400 .....</i>	<i>\$1,905, plus 12% of the excess over \$19,050.</i>
<i>Over \$77,400 but not over \$165,000 .....</i>	<i>\$8,907, plus 22% of the excess over \$77,400.</i>
<i>Over \$165,000 but not over \$315,000 .....</i>	<i>\$28,179, plus 24% of the excess over \$165,000.</i>

**“If taxable income is:****The tax is:**

Over \$315,000 but not over \$400,000 .....	\$64,179, plus 32% of the excess over \$315,000.
Over \$400,000 but not over \$600,000 .....	\$91,379, plus 35% of the excess over \$400,000.
Over \$600,000 .....	\$161,379, plus 37% of the excess over \$600,000.”.

1           (b) *HEAD OF HOUSEHOLDS*.—Section 1(b) is amended  
2 by striking the table contained therein and inserting the  
3 following:

**“If taxable income is:****The tax is:**

Not over \$13,600 .....	10% of taxable income.
Over \$13,600 but not over \$51,800 .....	\$1,360, plus 12% of the excess over \$13,600.
Over \$51,800 but not over \$82,500 .....	\$5,944, plus 22% of the excess over \$51,800.
Over \$82,500 but not over \$157,500 .....	\$12,698, plus 24% of the excess over \$82,500.
Over \$157,500 but not over \$200,000 .....	\$30,698, plus 32% of the excess over \$157,500.
Over \$200,000 but not over \$500,000 .....	\$44,298, plus 35% of the excess over \$200,000.
Over \$500,000 .....	\$149,298, plus 37% of the excess over \$500,000.”.

4           (c) *UNMARRIED INDIVIDUALS OTHER THAN SUR-*  
5 *VIVING SPOUSES AND HEADS OF HOUSEHOLD*.—Section  
6 1(c) is amended by striking the table contained therein and  
7 inserting the following:

**“If taxable income is:****The tax is:**

Not over \$9,525 .....	10% of taxable income.
Over \$9,525 but not over \$38,700 .....	\$952.50, plus 12% of the excess over \$9,525.
Over \$38,700 but not over \$82,500 .....	\$4,453.50, plus 22% of the excess over \$38,700.
Over \$82,500 but not over \$157,500 .....	\$14,089.50, plus 24% of the excess over \$82,500.
Over \$157,500 but not over \$200,000 .....	\$32,089.50, plus 32% of the excess over \$157,500.
Over \$200,000 but not over \$500,000 .....	\$45,689.50, plus 35% of the excess over \$200,000.

**“If taxable income is:****The tax is:**

Over \$500,000 .....	\$150,689.50, plus 37% of the excess over \$500,000.”.
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1           (d) *MARRIED INDIVIDUALS FILING SEPARATE RE-*  
 2 *URNS.*—Section 1(d) is amended by striking the table con-  
 3 *tained therein and inserting the following:*

**“If taxable income is:****The tax is:**

Not over \$9,525 .....	10% of taxable income.
Over \$9,525 but not over \$38,700 .....	\$952.50, plus 12% of the excess over \$9,525.
Over \$38,700 but not over \$82,500 .....	\$4,453.50, plus 22% of the excess over \$38,700.
Over \$82,500 but not over \$157,500 .....	\$14,089.50, plus 24% of the excess over \$82,500.
Over \$157,500 but not over \$200,000 .....	\$32,089.50, plus 32% of the excess over \$157,500.
Over \$200,000 but not over \$300,000 .....	\$45,689.50, plus 35% of the excess over \$200,000.
Over \$300,000 .....	\$80,689.50, plus 37% of the excess over \$300,000.”.

4           (e) *ESTATES AND TRUSTS.*—Section 1(e) is amended  
 5 *by striking the table contained therein and inserting the*  
 6 *following:*

**“If taxable income is:****The tax is:**

Not over \$2,550 .....	10% of taxable income.
Over \$2,550 but not over \$9,150 .....	\$255, plus 24% of the excess over \$2,550.
Over \$9,150 but not over \$12,500 .....	\$1,839, plus 35% of the excess over \$9,150.
Over \$12,500 .....	\$3,011.50, plus 37% of the excess over \$12,500.”.

7           (f) *INFLATION ADJUSTMENTS.*—Section 1(f) is amend-  
 8 *ed—*  
 9                   (1) *by striking “1993” in paragraph (1) and in-*  
 10 *serting “2018”,*

1           (2) by amending paragraph (2)(A) to read as  
2 follows:

3           “(A) by increasing the minimum and max-  
4 imum dollar amounts for each bracket for which  
5 a tax is imposed under such table by the cost-of-  
6 living adjustment for such calendar year, deter-  
7 mined under this subsection for such calendar  
8 year by substituting ‘2017’ for ‘2016’ in para-  
9 graph (3)(A)(i),”

10          (3) in paragraph (7)(B), by striking all that  
11 precedes “(other than with respect to” and inserting  
12 the following:

13           “(B) *SPECIAL RULE.*—In the case of a table  
14 prescribed in lieu of the table contained in sub-  
15 section (b), (c), or (d), subparagraph (A)”

16          (4) by striking paragraph (8), and

17          (5) in the heading, by striking “*PHASEOUT OF*  
18 *MARRIAGE PENALTY IN 15-PERCENT BRACKET; AD-*  
19 *JUSTMENTS*” and inserting “*ADJUSTMENTS*”.

20          (g) *SPECIAL RULES FOR CERTAIN CHILDREN WITH*  
21 *UNEARNED INCOME.*—

22           (1) *IN GENERAL.*—Section 1(g) is amended by  
23 striking all that precedes paragraph (2) and inserting  
24 the following:

1       “(g) *SPECIAL RULES FOR CERTAIN CHILDREN WITH*  
2 *UNEARNED INCOME.*—

3               “(1) *IN GENERAL.*—*In the case of any child to*  
4 *whom this subsection applies—*

5                       “(A) *MODIFICATIONS TO APPLICABLE RATE*  
6 *BRACKETS.*—*In determining the amount of tax*  
7 *imposed by this section for the taxable year on*  
8 *such child, the income tax table otherwise appli-*  
9 *cable under this section to such child shall be ap-*  
10 *plied with the following modifications:*

11                               “(i) *24-PERCENT BRACKET.*—*The max-*  
12 *imum taxable income which is taxed at a*  
13 *rate below 24 percent shall not be more than*  
14 *the sum of—*

15                                       “(I) *the earned taxable income of*  
16 *such child, plus*

17   “(II) *the minimum taxable in-*  
18 *come for the 24-percent bracket in the*  
19 *table under subsection (e) (as adjusted*  
20 *under subsection (f)) for the taxable*  
21 *year.*

22   “(ii) *35-PERCENT BRACKET.*—*The*  
23 *maximum taxable income which is taxed at*  
24 *a rate below 35 percent shall not be more*  
25 *than the sum of—*



1                   “(I) the earned taxable income of  
2                   such child, plus

3                   “(II) the minimum taxable in-  
4                   come for the 35-percent bracket in the  
5                   table under subsection (e) (as adjusted  
6                   under subsection (f)) for the taxable  
7                   year.

8                   “(iii) 37-PERCENT BRACKET.—The  
9                   maximum taxable income which is taxed at  
10                  a rate below 37 percent shall not be more  
11                  than the sum of—

12                   “(I) the earned taxable income of  
13                   such child, plus

14                   “(II) the minimum taxable in-  
15                   come for the 37-percent bracket in the  
16                   table under subsection (e) (as adjusted  
17                   under subsection (f)) for the taxable  
18                   year.

19                   “(B) COORDINATION WITH CAPITAL GAINS  
20                  RATES.—For purposes of applying section  
21                  1(h)—

22                   “(i) the maximum zero rate amount  
23                  shall not be more than the sum of—

24                   “(I) the earned taxable income of  
25                   such child, plus

1                   “(II) the amount in effect under  
2                   subsection (h)(13) for the taxable year,  
3                   and

4                   “(i) the maximum 15-percent rate  
5                   amount shall not be more than the sum of—

6                   “(I) the earned taxable income of  
7                   such child, plus

8                   “(II) the amount in effect under  
9                   subsection (h)(12)(D) for the taxable  
10                  year.”.

11                  (2) *EARNED TAXABLE INCOME.*—Section 1(g)(3)  
12                  is amended to read as follows:

13                  “(3) *EARNED TAXABLE INCOME.*—For purposes  
14                  of this subsection, the term ‘earned taxable income’  
15                  means, with respect to any child for any taxable year,  
16                  the taxable income of such child reduced (but not  
17                  below zero) by the net unearned income of such  
18                  child.”.

19                  (3) *CONFORMING AMENDMENT.*—So much of  
20                  paragraph (5) of section 1(g) as precedes subpara-  
21                  graph (A) thereof is amended to read as follows:

22                  “(5) *SPECIAL RULES FOR DETERMINING PARENT*  
23                  *ELIGIBLE TO MAKE ELECTION.*—For purposes of  
24                  paragraph (7), the parent referred to in subpara-  
25                  graph (A)(iv) thereof is—”.

1        *(h) APPLICATION OF INCOME TAX BRACKETS TO CAP-*  
2 *ITAL GAINS BRACKETS.—Section 1(h) is amended—*

3            *(1) in paragraph (1)(B)(i), by striking “25 per-*  
4 *cent” and inserting “22 percent”,*

5            *(2) in paragraph (1)(C)(ii)(I), by striking*  
6 *“which would (without regard to this paragraph) be*  
7 *taxed at a rate below 39.6 percent” and inserting*  
8 *“below the maximum 15-percent rate amount”, and*

9            *(3) by adding at the end the following new para-*  
10 *graphs:*

11            *“(12) MAXIMUM 15-PERCENT RATE AMOUNT DE-*  
12 *FINED.—For purposes of this subsection, the max-*  
13 *imum 15-percent rate amount shall be—*

14            *“(A) in the case of a joint return or sur-*  
15 *viving spouse (as defined in section 2(a)),*  
16 *\$479,000 (1/2 such amount in the case of a mar-*  
17 *ried individual filing a separate return),*

18            *“(B) in the case of an individual who is the*  
19 *head of a household (as defined in section 2(b)),*  
20 *\$452,400,*

21            *“(C) in the case of any other individual*  
22 *(other than an estate or trust), \$425,800, and*

23            *“(D) in the case of an estate or trust,*  
24 *\$12,700.*

1           “(13) *DETERMINATION OF 0 PERCENT RATE*  
2           *BRACKET FOR ESTATES AND TRUSTS.*—*In the case of*  
3           *any estate or trust, paragraph (1)(B) shall be applied*  
4           *by treating the amount determined in clause (i) there-*  
5           *of as being equal to \$2,600.*

6           “(14) *INFLATION ADJUSTMENT.*—

7           “(A) *IN GENERAL.*—*In the case of any tax-*  
8           *able year beginning after 2018, each of the dollar*  
9           *amounts in paragraphs (12) and (13) shall be*  
10           *increased by an amount equal to—*

11                   “(i) *such dollar amount, multiplied by*

12                   “(ii) *the cost-of-living adjustment de-*  
13                   *termined under subsection (f)(3) for the cal-*  
14                   *endar year in which the taxable year be-*  
15                   *gins, determined by substituting ‘calendar*  
16                   *year 2017’ for ‘calendar year 2016’ in sub-*  
17                   *paragraph (A)(ii) thereof.*

18           “(B) *ROUNDING.*—*If any increase under*  
19           *subparagraph (A) is not a multiple of \$50, such*  
20           *increase shall be rounded to the next lowest mul-*  
21           *tiple of \$50.”.*

22           “(i) *APPLICATION OF SECTION 15.*—

23           “(1) *IN GENERAL.*—*Subsection (a) of section 15 is*  
24           *amended by striking “If any rate of tax” and insert-*  
25           *ing “In the case of a corporation, if any rate of tax”.*

1 (2) *CONFORMING AMENDMENTS.*—

2 (A) *Section 15 is amended by striking sub-*  
 3 *sections (d), (e), and (f).*

4 (B) *Section 6013(c) is amended by striking*  
 5 *“sections 15, 443, and 7851(a)(1)(A)” and in-*  
 6 *serting “section 443”.*

7 (C) *The heading of section 15 is amended*  
 8 *by inserting “**ON CORPORATIONS**” after “**EF-***  
 9 ***EFFECT OF CHANGES**”.*

10 (D) *The table of sections for part III of sub-*  
 11 *chapter A of chapter 1 is amended by striking*  
 12 *the item relating to section 15 and inserting the*  
 13 *following new item:*

*“Sec. 15. Effect of changes on corporations.”.*

14 (j) *CONFORMING AMENDMENTS.*—

15 (1) *Section 1 is amended by striking subsections*  
 16 *(i) and (j).*

17 (2) *Section 3402(q)(1) is amended by striking*  
 18 *“third lowest” and inserting “fourth lowest”.*

19 (k) *EFFECTIVE DATE.*—

20 (1) *IN GENERAL.*—*The amendments made by*  
 21 *this section shall apply to taxable years beginning*  
 22 *after December 31, 2017.*

23 (2) *APPLICATION OF SECTION 15.*—*Section 15 of*  
 24 *the Internal Revenue Code of 1986 shall not apply to*  
 25 *any change in a rate of tax by reason of—*

1                   (A) section 1(j) of such Code (as in effect be-  
2                   fore its repeal by this section), or

3                   (B) any amendment made by this Act.

4   ***Subtitle B—Deduction for Qualified***  
5   ***Business Income of Pass-thru***  
6   ***Entities***

7   ***SEC. 111. DEDUCTION FOR QUALIFIED BUSINESS INCOME.***

8           (a) *IN GENERAL.*—Section 199A is amended by strik-  
9           ing subsection (i).

10          (b) *EFFECTIVE DATE.*—The amendments made by this  
11          section shall apply to taxable years beginning after Decem-  
12          ber 31, 2017.

13   ***SEC. 112. LIMITATION ON LOSSES FOR TAXPAYERS OTHER***  
14                                   ***THAN CORPORATIONS.***

15          (a) *IN GENERAL.*—Section 461 is amended—

16                   (1) by amending subsection (l)(1) to read as fol-  
17                   lows:

18                           “(1) *LIMITATION.*—In the case of a taxpayer  
19                   other than a corporation, any excess business loss of  
20                   the taxpayer for the taxable year shall not be al-  
21                   lowed.”, and

22                   (2) by striking subsection (j) and redesignating  
23                   subsections (k) and (l) (as amended) as subsections (j)  
24                   and (k), respectively.

25          (b) *CONFORMING AMENDMENTS.*—

1           (1) Section 58(a)(2)(A) is amended by striking  
2           “461(k)” and inserting “461(j)”.

3           (2) Section 461(i)(4) is amended by striking  
4           “subsection (k)” and inserting “subsection (j)”.

5           (3) Section 464(d)(2)(B)(iii) is amended by  
6           striking “section 461(k)(2)(E)” and inserting “section  
7           461(j)(2)(E)”.

8           (4) Subparagraphs (B) and (C) of section  
9           1256(e)(3) are each amended by striking “section  
10           461(k)(4)” and inserting “section 461(j)(4)”.

11          (c) *EFFECTIVE DATE.*—The amendments made by this  
12          section shall apply to taxable years beginning after Decem-  
13          ber 31, 2017.

14                   ***Subtitle C—Tax Benefits for***  
15                   ***Families and Individuals***

16          ***SEC. 121. INCREASE IN STANDARD DEDUCTION.***

17          (a) *IN GENERAL.*—Section 63(c)(2) is amended—

18                  (1) by striking “\$4,400” in subparagraph (B)  
19                  and inserting “\$18,000”, and

20                  (2) by striking “\$3,000” in subparagraph (C)  
21                  and inserting “\$12,000”.

22          (b) *INFLATION ADJUSTMENT.*—Section 63(c)(4) is  
23          amended to read as follows:

24                  “(4) *ADJUSTMENTS FOR INFLATION.*—

1           “(A) *IN GENERAL.*—*In the case of a taxable*  
2 *year beginning after 2018, each dollar amount*  
3 *in paragraph (2)(B), (2)(C), or (5) or subsection*  
4 *(f) shall be increased by an amount equal to—*

5                   “(i) *such dollar amount, multiplied by*

6                   “(ii) *the cost-of-living adjustment de-*  
7 *termined under section 1(f)(3) for the cal-*  
8 *endar year in which the taxable year be-*  
9 *gins, determined by substituting for ‘2016’*  
10 *in subparagraph (A)(ii) thereof—*

11                   “(I) *in the case of the dollar*  
12 *amounts contained in paragraph*  
13 *(2)(B) or (2)(C), ‘2017’,*

14                   “(II) *in the case of the dollar*  
15 *amounts contained in paragraph*  
16 *(5)(A) or subsection (f), ‘1987’, and*

17                   “(III) *in the case of the dollar*  
18 *amount contained in paragraph*  
19 *(5)(B), ‘1997’.*

20           “(B) *ROUNDING.*—*If any increase under*  
21 *subparagraph (A) is not a multiple of \$50, such*  
22 *increase shall be rounded to the next lowest mul-*  
23 *tiiple of \$50.”.*

24           (c) *CONFORMING AMENDMENTS.*—



1           (1) *Section 1(f)(7)(A) is amended by striking*  
2           *“section 63(c)(4),”.*

3           (2) *Section 1(f)(7)(B) is amended by striking*  
4           *“sections 63(c)(4) and” and inserting “section”.*

5           (3) *Section 63(c) is amended by striking para-*  
6           *graph (7).*

7           (d) *EFFECTIVE DATE.—The amendments made by this*  
8           *section shall apply to taxable years beginning after Decem-*  
9           *ber 31, 2017.*

10 **SEC. 122. INCREASE IN AND MODIFICATION OF CHILD TAX**

11                                   **CREDIT.**

12           (a) *IN GENERAL.—Section 24 is amended by striking*  
13           *subsections (a), (b), and (c) and inserting the following new*  
14           *subsections:*

15           “*(a) ALLOWANCE OF CREDIT.—There shall be allowed*  
16           *as a credit against the tax imposed by this chapter for the*  
17           *taxable year an amount equal to the sum of—*

18                           “*(1) \$2,000 for each qualifying child of the tax-*  
19           *payer, and*

20                           “*(2) \$500 for each qualifying dependent (other*  
21           *than a qualifying child) of the taxpayer.*

22           “*(b) LIMITATION BASED ON ADJUSTED GROSS IN-*  
23           *COME.—The amount of the credit allowable under sub-*  
24           *section (a) shall be reduced (but not below zero) by \$50 for*  
25           *each \$1,000 (or fraction thereof) by which the taxpayer’s*

1 *modified adjusted gross income exceeds \$400,000 in the case*  
2 *of a joint return (\$200,000 in any other case). For purposes*  
3 *of the preceding sentence, the term “modified adjusted gross*  
4 *income” means adjusted gross income increased by any*  
5 *amount excluded from gross income under section 911, 931,*  
6 *or 933.*

7 “(c) *QUALIFYING CHILD; QUALIFYING DEPENDENT.—*  
8 *For purposes of this section—*

9 “(1) *QUALIFYING CHILD.—The term ‘qualifying*  
10 *child’ means any qualifying dependent of the tax-*  
11 *payer—*

12 “(A) *who is a qualifying child (as defined*  
13 *in section 7706(c)) of the taxpayer,*

14 “(B) *who has not attained age 17 at the*  
15 *close of the calendar year in which the taxable*  
16 *year of the taxpayer begins, and*

17 “(C) *whose name and social security num-*  
18 *ber are included on the taxpayer’s return of tax*  
19 *for the taxable year.*

20 “(2) *QUALIFYING DEPENDENT.—The term ‘quali-*  
21 *fying dependent’ means any dependent of the tax-*  
22 *payer (as defined in section 7706 without regard to*  
23 *all that follows ‘resident of the United States’ in sec-*  
24 *tion 7706(b)(3)(A)) whose name and TIN are in-*

1 *cluded on the taxpayer's return of tax for the taxable*  
2 *year.*

3 *“(3) SOCIAL SECURITY NUMBER DEFINED.—For*  
4 *purposes of this subsection, the term ‘social security*  
5 *number’ means, with respect to a return of tax, a so-*  
6 *cial security number issued to an individual by the*  
7 *Social Security Administration, but only if the social*  
8 *security number is issued—*

9 *“(A) to a citizen of the United States or*  
10 *pursuant to subclause (I) (or that portion of sub-*  
11 *clause (III) that relates to subclause (I)) of sec-*  
12 *tion 205(c)(2)(B)(i) of the Social Security Act,*  
13 *and*

14 *“(B) on or before the due date of filing such*  
15 *return.”.*

16 *(b) PORTION OF CREDIT REFUNDABLE.—*

17 *(1) IN GENERAL.—Section 24(d)(1)(A) is amend-*  
18 *ed to read as follows:*

19 *“(A) the credit which would be allowed*  
20 *under this section determined—*

21 *“(i) by substituting ‘\$1,400’ for*  
22 *‘\$2,000’ in subsection (a)(1),*

23 *“(ii) without regard to subsection*  
24 *(a)(2), and*

1                   “(iii) without regard to this subsection  
2                   and the limitation under section 26(a), or”.

3                   (2) *MODIFICATION OF LIMITATION BASED ON*  
4                   *EARNED INCOME.*—Section 24(d)(1)(B)(i) is amended  
5                   by striking “\$3,000” and inserting “\$2,500”.

6                   (3) *INFLATION ADJUSTMENT.*—Section 24(d) is  
7                   amended by inserting after paragraph (3) the fol-  
8                   lowing new paragraph:

9                   “(4) *ADJUSTMENT FOR INFLATION.*—

10                   “(A) *IN GENERAL.*—In the case of a taxable  
11                   year beginning after 2018, the \$1,400 amount in  
12                   paragraph (1)(A)(i) shall be increased by an  
13                   amount equal to—

14                   “(i) such dollar amount, multiplied by

15                   “(ii) the cost-of-living adjustment de-  
16                   termined under section 1(f)(3) for the cal-  
17                   endar year in which the taxable year be-  
18                   gins, determined by substituting ‘2017’ for  
19                   ‘2016’ in subparagraph (A)(ii) thereof.

20                   “(B) *ROUNDING.*—If any increase under  
21                   subparagraph (A) is not a multiple of \$100, such  
22                   increase shall be rounded to the next lowest mul-  
23                   tiple of \$100.

24                   “(C) *LIMITATION.*—The amount of any in-  
25                   crease under subparagraph (A) (after the appli-

1           *cation of subparagraph (B)) shall not exceed*  
2           *\$600.”.*

3           (4) *CONFORMING AMENDMENTS.—*

4                   (A) *Section 24(e) is amended to read as fol-*  
5           *lows:*

6           “(e) *TAXPAYER IDENTIFICATION REQUIREMENT.—No*  
7           *credit shall be allowed under this section if the identifying*  
8           *number of the taxpayer was issued after the due date for*  
9           *filing the return of tax for the taxable year.”.*

10                   (B) *Section 24 is amended by striking sub-*  
11           *section (h).*

12           (c) *EFFECTIVE DATE.—The amendments made by this*  
13           *section shall apply to taxable years beginning after Decem-*  
14           *ber 31, 2017.*

15   **SEC. 123. INCREASED LIMITATION FOR CERTAIN CHARIT-**  
16                   **TABLE CONTRIBUTIONS.**

17           (a) *IN GENERAL.—Section 170(b)(1)(G) is amended to*  
18           *read as follows:*

19                   “(G) *CASH CONTRIBUTIONS.—*

20                           “(i) *IN GENERAL.—Any contribution*  
21                   *of cash to an organization described in sub-*  
22                   *paragraph (A) shall be allowed to the extent*  
23                   *that the aggregate of such contributions does*  
24                   *not exceed 60 percent of the taxpayer’s con-*  
25                   *tribution base for the taxable year, reduced*

1           by the aggregate amount of contributions al-  
 2           lowable under subparagraph (A) for such  
 3           taxpayer for such year.

4           “(i) *CARRYOVER.*—If the aggregate  
 5           amount of contributions described in clause  
 6           (i) exceeds the limitation of clause (i), such  
 7           excess shall be treated (in a manner con-  
 8           sistent with the rules of subsection (d)(1))  
 9           as a charitable contribution to which clause  
 10          (i) applies in each of the 5 succeeding years  
 11          in order of time.”.

12          (b) *COORDINATION WITH LIMITATIONS ON OTHER*  
 13          *CONTRIBUTIONS.*—

14           (1) *COORDINATION WITH 50 PERCENT LIMITA-*  
 15           *TION.*—Section 170(b)(1)(A) is amended by striking  
 16           “Any charitable contribution” and inserting “Any  
 17           charitable contribution other than a contribution de-  
 18           scribed in subparagraph (G)”.

19           (2) *COORDINATION WITH 30 PERCENT LIMITA-*  
 20           *TION.*—Section 170(b)(1)(B) is amended—

21           (A) in the matter preceding clause (i), by  
 22           striking “to which subparagraph (A) applies”  
 23           and inserting “to which subparagraph (A) or  
 24           (G) applies”,

1                   (B) by amending clause (ii) to read as fol-  
2                   lows:

3                   “(ii) the excess of—

4                                 “(I) the sum of 50 percent of the  
5                                 taxpayer’s contribution base for the  
6                                 taxable year, plus so much of the  
7                                 amount of charitable contributions al-  
8                                 lowable under subparagraph (G) as  
9                                 does not exceed 10 percent of such con-  
10                                tribution base, over

11                               “(II) the amount of charitable  
12                                contributions allowable under subpara-  
13                                graphs (A) and (G) (determined with-  
14                                out regard to subparagraph (C)).”, and

15                   (C) in the matter following clause (ii), by  
16                   striking “(to which subparagraph (A) does not  
17                   apply)” and inserting “(to which neither sub-  
18                   paragraph (A) nor (G) applies)”.

19                   (c) *EFFECTIVE DATE.*—The amendments made by this  
20                   section shall apply to contributions made in taxable years  
21                   beginning after December 31, 2017.

22                   **SEC. 124. INCREASED CONTRIBUTIONS TO ABLE ACCOUNTS.**

23                   (a) *INCREASE IN LIMITATION FOR CONTRIBUTIONS*  
24                   *FROM COMPENSATION OF INDIVIDUALS WITH DISABIL-*

1 *ITIES.—Section 529A(b)(2)(B)(ii) is amended by striking*  
 2 *“before January 1, 2026”.*

3 *(b) ALLOWANCE OF SAVER’S CREDIT FOR ABLE CON-*  
 4 *TRIBUTIONS BY ACCOUNT HOLDER.—Section 25B(d)(1)(D)*  
 5 *is amended by striking “made before January 1, 2026,”.*

6 *(c) EFFECTIVE DATE.—The amendments made by this*  
 7 *section shall apply to taxable years beginning after Decem-*  
 8 *ber 31, 2017.*

9 **SEC. 125. ROLLOVERS TO ABLE PROGRAMS FROM 529 PRO-**  
 10 **GRAMS.**

11 *(a) IN GENERAL.—Section 529(c)(3)(C)(i)(III) is*  
 12 *amended by striking “before January 1, 2026,”.*

13 *(b) EFFECTIVE DATE.—The amendments made by this*  
 14 *section shall apply to distributions after December 31, 2017.*

15 **SEC. 126. TREATMENT OF CERTAIN INDIVIDUALS PER-**  
 16 **FORMING SERVICES IN THE SINAI PENIN-**  
 17 **SULA OF EGYPT.**

18 *(a) IN GENERAL.—Section 112(c)(2) is amended—*

19 *(1) by striking “means any area” and inserting*  
 20 *“means—*

21 *“(A) any area”, and*

22 *(2) by striking the period at the end and insert-*  
 23 *ing “, and*

24 *“(B) the Sinai Peninsula of Egypt.”.*



1       (b) *PERIOD OF TREATMENT.*—Section 112(c)(3) is  
2 amended—

3           (1) by striking “only if performed” and inserting  
4 “only if—

5               “(A) in the case of an area described in  
6 paragraph (2)(A), such service is performed”,  
7 and

8           (2) by striking the period at the end and insert-  
9 ing “, and

10               “(B) in the case of the area described in  
11 paragraph (2)(B), such service is performed dur-  
12 ing any period with respect to which one or  
13 more members of the Armed Forces of the United  
14 States are entitled to special pay under section  
15 310 of title 37, United States Code (relating to  
16 special pay; duty subject to hostile fire or immi-  
17 nent danger), for service performed in such  
18 area.”.

19       (c) *CONFORMING AMENDMENT.*—The Tax Cuts and  
20 Jobs Act is amended by striking section 11026.

21       (d) *EFFECTIVE DATE.*—The amendments made by this  
22 section shall apply with respect to services performed on  
23 or after the date of the enactment of this Act.

1 **SEC. 127. EXTENSION OF REDUCTION IN THRESHOLD FOR**  
2 **MEDICAL EXPENSE DEDUCTION.**

3 (a) *IN GENERAL.*—Section 213(a) is amended by in-  
4 serting “(7.5 percent in the case of any taxable year begin-  
5 ning after December 31, 2018, and ending before January  
6 1, 2021)” after “10 percent”.

7 (b) *CONFORMING AMENDMENTS.*—

8 (1) Section 56(b)(1) is amended by striking sub-  
9 paragraph (B) and by redesignating subparagraphs  
10 (C) through (F) as subparagraphs (B) through (E),  
11 respectively.

12 (2) Section 213 is amended by striking sub-  
13 section (f).

14 (c) *EFFECTIVE DATE.*—The amendments made by this  
15 section shall apply to taxable years beginning after Decem-  
16 ber 31, 2018.

17 **Subtitle D—Education**

18 **SEC. 131. TREATMENT OF STUDENT LOANS DISCHARGED**  
19 **ON ACCOUNT OF DEATH OR DISABILITY.**

20 (a) *IN GENERAL.*—Section 108(f)(5) is amended by  
21 striking “after December 31, 2017, and before January 1,  
22 2026”.

23 (b) *EFFECTIVE DATE.*—The amendment made by this  
24 section shall apply to discharges of indebtedness after De-  
25 cember 31, 2017.

1                   **Subtitle E—Deductions and**  
2                   **Exclusions**

3   **SEC. 141. REPEAL OF DEDUCTION FOR PERSONAL EXEMP-**  
4                   **TIONS.**

5           (a) *IN GENERAL.*—Part V of subchapter B of chapter  
6 1 is hereby repealed.

7           (b) *DEFINITION OF DEPENDENT RETAINED.*—Section  
8 152, prior to the repeal made by subsection (a), is hereby  
9 redesignated as section 7706 and moved to the end of chap-  
10 ter 79.

11          (c) *APPLICATION TO TRUSTS AND ESTATES.*—Section  
12 642(b) is amended—

13               (1) in paragraph (2)(C)—

14                       (A) in clause (i), by striking “the exemption  
15 amount under section 151(d)” and all that fol-  
16 lows through the period at the end and inserting  
17 “the dollar amount in effect under section  
18 7706(d)(1)(B).”, and

19                       (B) by striking clause (iii),

20               (2) by striking paragraph (3), and

21               (3) by striking “*DEDUCTION FOR PERSONAL EX-*  
22 *EMPTION*” in the heading thereof and inserting  
23 “*BASIC DEDUCTION*”.

24          (d) *APPLICATION TO NONRESIDENT ALIENS.*—Section  
25 873(b) is amended by striking paragraph (3).

1       (e) *MODIFICATION OF RETURN REQUIREMENT.*—

2           (1) *IN GENERAL.*—Section 6012(a)(1) is amend-  
3       ed to read as follows:

4           “(1) Every individual who has gross income for  
5       the taxable year, except that a return shall not be re-  
6       quired of—

7           “(A) an individual who is not married (de-  
8       termined by applying section 7703) and who has  
9       gross income for the taxable year which does not  
10      exceed the standard deduction applicable to such  
11      individual for such taxable year under section  
12      63, or

13          “(B) an individual entitled to make a joint  
14      return if—

15           “(i) the gross income of such indi-  
16      vidual, when combined with the gross in-  
17      come of such individual’s spouse, for the  
18      taxable year does not exceed the standard  
19      deduction which would be applicable for  
20      such taxable year under section 63 if such  
21      individual and such individual’s spouse  
22      made a joint return,

23           “(ii) such individual’s spouse does not  
24      make a separate return, and

1                   “(iii) neither such individual nor such  
2                   individual’s spouse is an individual de-  
3                   scribed in section 63(c)(4) who has income  
4                   (other than earned income) in excess of the  
5                   amount in effect under section  
6                   63(c)(4)(A).”.

7                   (2) *BANKRUPTCY ESTATES.*—Section 6012(a)(8)  
8                   is amended by striking “the sum of the exemption  
9                   amount plus the basic standard deduction under sec-  
10                  tion 63(c)(2)(C)” and inserting “the standard deduc-  
11                  tion in effect under section 63(c)(1)(B)”.

12                  (3) *CONFORMING AMENDMENT.*—Section 6012 is  
13                  amended by striking subsection (f).

14                  (f) *CONFORMING AMENDMENTS.*—

15                  (1) Section 1(f)(7), as amended by section 121,  
16                  is amended—

17                         (A) by striking “, section 68(b)(2) or section  
18                         151(d)(4)” in subparagraph (A) and inserting  
19                         “or section 68(b)(2)”, and

20                         (B) by striking “(other than with respect to  
21                         section 151(d)(4)(A))” in subparagraph (B).

22                  (2) Section 1(g)(5)(A) is amended by striking  
23                  “section 152(e)” and inserting “section 7706(e)”.

24                  (3) Section 2(a)(1)(B) is amended—

1           (A) by striking “section 152” and inserting  
2           “section 7706”, and

3           (B) by striking “with respect to whom the  
4           taxpayer is entitled to a deduction for the tax-  
5           able year under section 151” and inserting  
6           “whose TIN is included on the taxpayer’s return  
7           of tax for the taxable year”.

8           (4) Section 2(b)(1)(A)(i) is amended—

9           (A) in the matter preceding subclause (I)—

10           (i) by striking “section 152(c)” and in-  
11           serting “section 7706(c)”, and

12           (ii) by striking “section 152(e)” and  
13           inserting “section 7706(e)”, and

14           (B) in subclause (II), by striking “section  
15           152(b)(2) or 152(b)(3)” and inserting “section  
16           7706(b)(2) or 7706(b)(3)”.

17           (5) Section 2(b)(1)(A)(ii) is amended by striking  
18           “if the taxpayer is entitled to a deduction for the tax-  
19           able year for such person under section 151” and in-  
20           serting “if the taxpayer included such person’s TIN  
21           on the return of tax for the taxable year”.

22           (6) Section 2(b)(1)(B) is amended by striking “if  
23           the taxpayer is entitled to a deduction for the taxable  
24           year for such father or mother under section 151” and  
25           inserting “if such father or mother is a dependent of

1 *the taxpayer and the taxpayer included such father or*  
2 *mother’s TIN on the return of tax for the taxable*  
3 *year”.*

4 *(7) Section 2(b)(3)(B) is amended—*

5 *(A) by striking “section 152(d)(2)” in*  
6 *clause (i) and inserting “section 7706(d)(2)”,*  
7 *and*

8 *(B) by striking “section 152(d)” in clause*  
9 *(i) and inserting “section 7706(d)”.*

10 *(8) Section 21(b)(1)(A) is amended by striking*  
11 *“section 152(a)(1)” and inserting “section*  
12 *7706(a)(1)”.*

13 *(9) Section 21(b)(1)(B) is amended by striking*  
14 *“section 152” and inserting “section 7706”.*

15 *(10) Section 21(e)(5)(A) is amended by striking*  
16 *“section 152(e)” and inserting “section 7706(e)”.*

17 *(11) Section 21(e)(5) is amended by striking*  
18 *“section 152(e)(4)(A)” in the matter following sub-*  
19 *paragraph (B) and inserting “section 7706(e)(4)(A)”.*

20 *(12) Section 21(e)(6)(A) is amended to read as*  
21 *follows:*

22 *“(A) who is a dependent of either the tax-*  
23 *payer or the taxpayer’s spouse for the taxable*  
24 *year, or”.*

1           (13) Section 21(e)(6)(B) is amended by striking  
2           “section 152(f)(1)” and inserting “section  
3           7706(f)(1)”.

4           (14) Section 25A(f)(1)(A)(iii) is amended by  
5           striking “with respect to whom the taxpayer is al-  
6           lowed a deduction under section 151”.

7           (15) Section 25A(g)(3) is amended by striking  
8           “If a deduction under section 151 with respect to an  
9           individual is allowed to another taxpayer” and in-  
10          serting “If an individual is a dependent of another  
11          taxpayer”.

12          (16) Section 25B(c)(2)(A) is amended by strik-  
13          ing “any individual with respect to whom a deduc-  
14          tion under section 151 is allowed to another tax-  
15          payer” and inserting “any individual who is a de-  
16          pendent of another taxpayer”.

17          (17) Section 25B(c)(2)(B) is amended by strik-  
18          ing “section 152(f)(2)” and inserting “section  
19          7706(f)(2)”.

20          (18) Section 32(c)(1)(A)(ii)(III) is amended by  
21          striking “a dependent for whom a deduction is allow-  
22          able under section 151 to another taxpayer” and in-  
23          serting “a dependent of another taxpayer”.

24          (19) Section 32(c)(3) is amended—

25                   (A) in subparagraph (A)—



1                   (i) by striking “section 152(c)” and in-  
2                   serting “section 7706(c)”, and

3                   (ii) by striking “section 152(e)” and  
4                   inserting “section 7706(e)”,

5                   (B) in subparagraph (B), by striking “un-  
6                   less the taxpayer is entitled to a deduction under  
7                   section 151 for such taxable year with respect to  
8                   such individual (or would be so entitled but for  
9                   section 152(e)” and inserting “if such individual  
10                  is not treated as a dependent of such taxpayer  
11                  for such taxable year by reason of section  
12                  7706(b)(2) (determined without regard to section  
13                  7706(e))”, and

14                  (C) in subparagraph (C), by striking “sec-  
15                  tion 152(c)(1)(B)” and inserting “section  
16                  7706(c)(1)(B)”.

17                  (20) Section 35(d)(1)(B) is amended by striking  
18                  “with respect to whom the taxpayer is entitled to a  
19                  deduction under section 151(c)” and inserting “if the  
20                  taxpayer included such person’s TIN on the return of  
21                  tax for the taxable year”.

22                  (21) Section 35(d)(2) is amended—

23                         (A) by striking “section 152(e)” and insert-  
24                         ing “section 7706(e)”, and

1           (B) by striking “section 152(e)(4)(A)” and  
2           inserting “section 7706(e)(4)(A)”.

3           (22) Section 36B(b)(2)(A) is amended by strik-  
4           ing “section 152” and inserting “section 7706”.

5           (23) Section 36B(b)(3)(B) is amended by strik-  
6           ing “unless a deduction is allowed under section 151  
7           for the taxable year with respect to a dependent” in  
8           the flush matter at the end and inserting “unless the  
9           taxpayer has a dependent for the taxable year (and  
10          the taxpayer included such dependent’s TIN on the re-  
11          turn of tax for the taxable year)”.

12          (24) Section 36B(c)(1)(D) is amended by strik-  
13          ing “with respect to whom a deduction under section  
14          151 is allowable to another taxpayer” and inserting  
15          “who is a dependent of another taxpayer”.

16          (25) Section 36B(d)(1) is amended by striking  
17          “equal to the number of individuals for whom the tax-  
18          payer is allowed a deduction under section 151 (relat-  
19          ing to allowance of deduction for personal exemp-  
20          tions) for the taxable year” and inserting “the sum  
21          of 1 (2 in the case of a joint return) plus the number  
22          of individuals who are dependents of the taxpayer for  
23          the taxable year”.

24          (26) Section 36B(e)(1) is amended by striking  
25          “1 or more individuals for whom a taxpayer is al-

1        *lowed a deduction under section 151 (relating to al-*  
2        *lowance of deduction for personal exemptions) for the*  
3        *taxable year (including the taxpayer or his spouse)”*  
4        *and inserting “1 or more of the taxpayer, the tax-*  
5        *payer’s spouse, or any dependent of the taxpayer”.*

6            *(27) Section 42(i)(3)(D)(ii)(I) is amended by*  
7        *striking “section 152” and inserting “section 7706”.*

8            *(28) Section 45R(e)(1)(A)(iv) is amended—*

9            *(A) by striking “section 152(d)(2)” and in-*  
10        *serting “section 7706(d)(2)”, and*

11            *(B) by striking “section 152(d)(2)(H)” and*  
12        *inserting “section 7706(d)(2)(H)”.*

13            *(29) Section 51(i)(1) is amended—*

14            *(A) by striking “section 152(d)(2)” in sub-*  
15        *paragraphs (A) and (B) and inserting “section*  
16        *7706(d)(2)”, and*

17            *(B) by striking “section 152(d)(2)(H)” in*  
18        *subparagraph (C) and inserting “section*  
19        *7706(d)(2)(H)”.*

20            *(30) Section 56(b)(1)(D), as amended by the pre-*  
21        *ceding provisions of this Act, is amended—*

22            *(A) by striking “, the deduction for personal*  
23        *exemptions under section 151,” and*

24            *(B) by striking “AND DEDUCTION FOR PER-*  
25        *SONAL EXEMPTIONS” in the heading thereof.*

1           (31) Section 63(b) is amended by adding “and”  
2           at the end of paragraph (1), by striking paragraph  
3           (2), and by redesignating paragraph (3) as para-  
4           graph (2).

5           (32) Section 63(c), as amended by section 121,  
6           is amended by striking paragraph (3) and redesignig-  
7           nating paragraphs (4), (5), and (6) as paragraphs  
8           (3), (4), and (5), respectively.

9           (33) Section 63(c)(4), as redesignated, is amend-  
10          ed—

11                   (A) by striking “with respect to whom a de-  
12                   duction under section 151 is allowable to” and  
13                   inserting “who is a dependent of”, and

14                   (B) by striking “CERTAIN” in the heading  
15                   thereof.

16           (34) Section 63(d) is amended by adding “and”  
17           at the end of paragraph (1), by striking paragraph  
18           (2), and by redesignating paragraph (3) as para-  
19           graph (2).

20           (35) Section 63(f) is amended by striking all  
21           that precedes paragraph (3) and inserting the fol-  
22           lowing:

23           “(f) *ADDITIONAL STANDARD DEDUCTION FOR THE*  
24           *AGED AND BLIND.*—

1           “(1) *IN GENERAL.*—For purposes of subsection  
2           (c)(1), the additional standard deduction is, with re-  
3           spect to a taxpayer for a taxable year, the sum of—

4                   “(A) \$600 if the taxpayer has attained age  
5                   65 before the close of such taxable year, and

6                   “(B) \$600 if the taxpayer is blind as of the  
7                   close of such taxable year.

8           “(2) *APPLICATION TO MARRIED INDIVIDUALS.*—

9                   “(A) *JOINT RETURNS.*—In the case of a  
10                  joint return, paragraph (1) shall be applied sep-  
11                  arately with respect to each spouse.

12                  “(B) *CERTAIN MARRIED INDIVIDUALS FIL-*  
13                  *ING SEPARATELY.*—In the case of a married in-  
14                  dividual filing a separate return, if—

15                       “(i) the spouse of such individual has  
16                       no gross income for the calendar year in  
17                       which the taxable year of such individual  
18                       begins,

19                       “(ii) such spouse is not the dependent  
20                       of another taxpayer for a taxable year be-  
21                       ginning in the calendar year in which such  
22                       individual’s taxable year begins, and

23                       “(iii) the TIN of such spouse is in-  
24                       cluded on such individual’s return of tax for  
25                       the taxable year,

1           *the additional standard deduction shall be deter-*  
2           *mined in the same manner as if such individual*  
3           *and such individual's spouse filed a joint re-*  
4           *turn.”.*

5           (36) *Section 63(f)(3) is amended by striking*  
6           *“paragraphs (1) and (2)” and inserting “subpara-*  
7           *graphs (A) and (B) of paragraph (1)”.*

8           (37) *Section 72(t)(2)(D)(i)(III) is amended by*  
9           *striking “section 152” and inserting “section 7706”.*

10          (38) *Section 72(t)(7)(A)(iii) is amended by strik-*  
11          *ing “section 152(f)(1)” and inserting “section*  
12          *7706(f)(1)”.*

13          (39) *Section 105(b) is amended—*

14                 (A) *by striking “as defined in section 152”*  
15                 *and inserting “as defined in section 7706”,*

16                 (B) *by striking “section 152(f)(1)” and in-*  
17                 *serting “section 7706(f)(1)” and*

18                 (C) *by striking “section 152(e)” and insert-*  
19                 *ing “section 7706(e)”.*

20          (40) *Section 105(c)(1) is amended by striking*  
21          *“section 152” and inserting “section 7706”.*

22          (41) *Section 125(e)(1)(D) is amended by striking*  
23          *“section 152” and inserting “section 7706”.*

24          (42) *Section 129(c)(1) is amended to read as fol-*  
25          *lows:*

1           “(1) who is a dependent of such employee or of  
2 such employee’s spouse, or”.

3           (43) Section 129(c)(2) is amended by striking  
4 “section 152(f)(1)” and inserting “section  
5 7706(f)(1)”.

6           (44) Section 132(h)(2)(B) is amended—  
7           (A) by striking “section 152(f)(1)” and in-  
8 serting “section 7706(f)(1)”, and  
9           (B) by striking “section 152(e)” and insert-  
10 ing “section 7706(e)”.

11           (45) Section 139D(c)(5) is amended by striking  
12 “section 152” and inserting “section 7706”.

13           (46) Section 139E(c)(2) is amended by striking  
14 “section 152” and inserting “section 7706”.

15           (47) Section 162(l)(1)(D) is amended by striking  
16 “section 152(f)(1)” and inserting “section  
17 7706(f)(1)”.

18           (48) Section 170(g)(1) is amended by striking  
19 “section 152” and inserting “section 7706”.

20           (49) Section 170(g)(3) is amended by striking  
21 “section 152(d)(2)” and inserting “section  
22 7706(d)(2)”.

23           (50) Section 172(d) is amended by striking  
24 paragraph (3).

1           (51) Section 213(a) is amended by striking “sec-  
2           tion 152” and inserting “section 7706”.

3           (52) Section 213(d)(5) is amended by striking  
4           “section 152(e)” and inserting “section 7706(e)”.

5           (53) Section 213(d)(11) is amended by striking  
6           “section 152(d)(2)” in the matter following subpara-  
7           graph (B) and inserting “section 7706(d)(2)”.

8           (54) Section 220(b)(6) is amended by striking  
9           “with respect to whom a deduction under section 151  
10          is allowable to” and inserting “who is a dependent  
11          of”.

12          (55) Section 220(d)(2)(A) is amended by striking  
13          “section 152” and inserting “section 7706”.

14          (56) Section 221(d)(4) is amended by striking  
15          “section 152” and inserting “section 7706”.

16          (57) Section 222(c)(3) is amended by striking  
17          “with respect to whom a deduction under section 151  
18          is allowable to” and inserting “who is a dependent  
19          of”.

20          (58) Section 223(b)(6) is amended by striking  
21          “with respect to whom a deduction under section 151  
22          is allowable to” and inserting “who is a dependent  
23          of”.

24          (59) Section 223(d)(2)(A) is amended by striking  
25          “section 152” and inserting “section 7706”.



1           (60) *Section 401(h) is amended by striking “sec-*  
2 *tion 152(f)(1)” in the last sentence and inserting*  
3 *“section 7706(f)(1)”.*

4           (61) *Section 402(l)(4)(D) is amended by striking*  
5 *“section 152” and inserting “section 7706”.*

6           (62) *Section 409A(a)(2)(B)(ii)(I) is amended by*  
7 *striking “section 152(a)” and inserting “section*  
8 *7706(a)”.*

9           (63) *Section 441(f)(2)(B)(iii) is amended by*  
10 *striking “, but only the adjusted amount of the deduc-*  
11 *tions for personal exemptions as described in section*  
12 *443(c)”.*

13           (64) *Section 443 is amended—*

14                (A) *in subsection (b)—*

15                       (i) *by striking paragraph (3), and*

16                       (ii) *by striking “modified taxable in-*  
17 *come” and inserting “taxable income” each*  
18 *place such term appears,*

19                       (B) *by striking subsection (c), and*

20                       (C) *by redesignating subsections (d) and (e)*  
21 *as subsections (c) and (d), respectively.*

22           (65) *Section 501(c)(9) is amended by striking*  
23 *“section 152(f)(1)” and inserting “section*  
24 *7706(f)(1)”.*

1           (66) Section 529(e)(2)(B) is amended by striking  
2           “section 152(d)(2)” and inserting “section  
3           7706(d)(2)”.

4           (67) Section 529A(e)(4) is amended—

5                   (A) by striking “section 152(d)(2)(B)” and  
6                   inserting “section 7706(d)(2)(B)”, and

7                   (B) by striking “section 152(f)(1)(B)” and  
8                   inserting “section 7706(f)(1)(B)”.

9           (68) Section 643(a)(2) is amended—

10                   (A) by striking “(relating to deduction for  
11                   personal exemptions)” and inserting “(relating  
12                   to basic deduction)”, and

13                   (B) by striking “*DEDUCTION FOR PER-*  
14                   *SONAL EXEMPTION*” in the heading thereof and  
15                   inserting “*BASIC DEDUCTION*”.

16           (69) Section 703(a)(2) is amended by striking  
17           subparagraph (A) and by redesignating subpara-  
18           graphs (B) through (F) as subparagraphs (A) through  
19           (E), respectively.

20           (70) Section 874 is amended by striking sub-  
21           section (b) and by redesignating subsection (c) as sub-  
22           section (b).

23           (71) Section 891 is amended by striking “under  
24           section 151 and”.

1           (72) Section 904(b)(1) is amended to read as fol-  
2           lows:

3           “(1) *DEDUCTION FOR ESTATES AND TRUSTS.*—  
4           *For purposes of subsection (a), the taxable income of*  
5           *an estate or trust shall be computed without any de-*  
6           *duction under section 642(b).”.*

7           (73) Section 931(b)(1) is amended to read as fol-  
8           lows:

9           “(1) *any deduction from gross income, or”.*

10          (74) Section 933 is amended—

11                 (A) *by striking “as a deduction from his*  
12                 *gross income any deductions (other than the de-*  
13                 *duction under section 151, relating to personal*  
14                 *exemptions)” in paragraph (1) and inserting*  
15                 *“any deduction from gross income”, and*

16                 (B) *by striking “as a deduction from his*  
17                 *gross income any deductions (other than the de-*  
18                 *duction for personal exemptions under section*  
19                 *151)” in paragraph (2) and inserting “any de-*  
20                 *duction from gross income”.*

21          (75) Section 1212(b)(2)(B)(i) is amended to  
22          read as follows:

23                 “(i) *in the case of an estate or trust,*  
24                 *the deduction allowed for such year under*  
25                 *section 642(b).”.*

1           (76) Section 1361(c)(1)(C) is amended by strik-  
2           ing “section 152(f)(1)(C)” and inserting “section  
3           7706(f)(1)(C)”.

4           (77) Section 1402(a) is amended by striking  
5           paragraph (7).

6           (78) Section 2032A(c)(7)(D) is amended by  
7           striking “section 152(f)(2)” and inserting “section  
8           7706(f)(2)”.

9           (79) Section 3402(m)(1) is amended by striking  
10          “other than the deductions referred to in section 151  
11          and”.

12          (80) Section 3402(r)(2) is amended by striking  
13          “the sum of—” and all that follows and inserting  
14          “the basic standard deduction (as defined in section  
15          63(c)) for an individual to whom section 63(c)(2)(C)  
16          applies.”.

17          (81) Section 5000A(b)(3)(A) is amended by  
18          striking “section 152” and inserting “section 7706”.

19          (82) Section 5000A(c)(4)(A) is amended by strik-  
20          ing “the number of individuals for whom the tax-  
21          payer is allowed a deduction under section 151 (relat-  
22          ing to allowance of deduction for personal exemp-  
23          tions) for the taxable year” and inserting “the sum  
24          of 1 (2 in the case of a joint return) plus the number  
25          of the taxpayer’s dependents for the taxable year”.

1           (83) *Section 6013(b)(3)(A) is amended—*

2                   (A) *by striking “had less than the exemp-*  
3                   *tion amount of gross income” in clause (ii) and*  
4                   *inserting “had no gross income”,*

5                   (B) *by striking “had gross income of the ex-*  
6                   *emption amount or more” in clause (iii) and in-*  
7                   *serting “had any gross income”, and*

8                   (C) *by striking the flush language following*  
9                   *clause (iii).*

10           (84) *Section 6014(a) is amended by striking*  
11           *“section 6012(a)(1)(C)(i)” and inserting “section*  
12           *6012(a)(1)(B)(iii)”.*

13           (85) *Section 6014(b)(4) is amended by striking*  
14           *“63(c)(5)” and inserting “63(c)(4)”.*

15           (86) *Section 6103(l)(21)(A)(iii) is amended to*  
16           *read as follows:*

17                           *“(iii) the number of the taxpayer’s de-*  
18                           *pendents,”.*

19           (87) *Section 6213(g)(2)(H) is amended by strik-*  
20           *ing “section 21 (relating to expenses for household*  
21           *and dependent care services necessary for gainful em-*  
22           *ployment) or section 151 (relating to allowance of de-*  
23           *ductions for personal exemptions)” and inserting*  
24           *“subsection (a)(1)(B), (b)(1)(A)(ii), or (b)(1)(B) of*

1 *section 2 or section 21, 35(d)(1)(B), 36B(b)(3)(B), or*  
2 *63(f)(2)(B)”.*

3 *(88) Section 6334(d) is amended—*

4 *(A) by amending paragraph (2) to read as*  
5 *follows:*

6 *“(2) EXEMPT AMOUNT.—*

7 *“(A) IN GENERAL.—For purposes of para-*  
8 *graph (1), the term ‘exempt amount’ means an*  
9 *amount equal to—*

10 *“(i) the sum of the amount determined*  
11 *under subparagraph (B) and the standard*  
12 *deduction, divided by*

13 *“(ii) 52.*

14 *“(B) AMOUNT DETERMINED.—For purposes*  
15 *of subparagraph (A), the amount determined*  
16 *under this subparagraph is—*

17 *“(i) the dollar amount in effect under*  
18 *section 7706(d)(1)(B), multiplied by*

19 *“(ii) the number of the taxpayer’s de-*  
20 *pendents for the taxable year in which the*  
21 *levy occurs.*

22 *“(C) VERIFIED STATEMENT.—Unless the*  
23 *taxpayer submits to the Secretary a written and*  
24 *properly verified statement specifying the facts*  
25 *necessary to determine the proper amount under*

1           *subparagraph (A), subparagraph (A) shall be ap-*  
2           *plied as if the taxpayer were a married indi-*  
3           *vidual filing a separate return with no depend-*  
4           *ents.”, and*

5                     *(B) by striking paragraph (4).*

6           *(89) Section 7702B(f)(2)(C)(iii) is amended by*  
7           *striking “section 152(d)(2)” and inserting “section*  
8           *7706(d)(2)”.*

9           *(90) Section 7703(a) is amended by striking*  
10          *“part V of subchapter B of chapter 1 and”.*

11          *(91) Section 7703(b)(1) is amended by striking*  
12          *“section 152(f)(1)” and all that follows and inserting*  
13          *“section 7706(f)(1) who is a dependent of such indi-*  
14          *vidual for the taxable year (or would be but for sec-*  
15          *tion 7706(e)),”.*

16          *(92) Section 7706(a), as redesignated by this sec-*  
17          *tion, is amended by striking “this subtitle” and in-*  
18          *serting “subtitle A”.*

19          *(93)(A) Section 7706(d)(1)(B), as redesignated*  
20          *by this section, is amended by striking “the exemp-*  
21          *tion amount (as defined in section 151(d))” and in-*  
22          *serting “\$4,150”.*

23                     *(B) Section 7706(d), as redesignated by this sec-*  
24          *tion, is amended by adding at the end the following*  
25          *new paragraph:*

1           “(6) *INFLATION ADJUSTMENT.*—*In the case of*  
2 *any taxable year beginning in a calendar year begin-*  
3 *ning after 2018, the \$4,150 amount in paragraph*  
4 *(1)(B) shall be increased by an amount equal to—*

5                   “(A) *such dollar amount, multiplied by*

6                   “(B) *the cost-of-living adjustment deter-*  
7 *mined under section 1(c)(2)(A) for the calendar*  
8 *year in which such taxable year begins, deter-*  
9 *mined by substituting ‘calendar year 2017’ for*  
10 *‘calendar year 2016’ in clause (ii) thereof.*

11 *If any increase determined under the preceding sen-*  
12 *tence is not a multiple of \$50, such increase shall be*  
13 *rounded to the next lowest multiple of \$50.”.*

14           (94) *Section 7706(e)(3), as redesignated by this*  
15 *section, is amended by inserting “(as in effect before*  
16 *its repeal)” after “section 151”.*

17           (95) *Section 7706(f)(6)(B), as redesignated by*  
18 *this section, is amended by striking clause (i) and*  
19 *designating clauses (ii), (iii), and (iv) as clauses (i),*  
20 *(ii), and (iii), respectively.*

21           (96) *The table of parts for subchapter B of chap-*  
22 *ter 1 is amended by striking the item relating to part*  
23 *V.*

24           (97) *The table of sections for chapter 79 is*  
25 *amended by adding at the end the following new item:*

*“Sec. 7706. Dependent defined.”.*



1           (g) *EFFECTIVE DATE.*—*The amendments made by this*  
2 *section shall apply to taxable years beginning after Decem-*  
3 *ber 31, 2017.*

4 **SEC. 142. LIMITATION ON DEDUCTION FOR STATE AND**  
5 **LOCAL, ETC. TAXES.**

6           (a) *IN GENERAL.*—*Section 164(b)(6) is amended by*  
7 *striking all that precedes “The preceding sentence” and in-*  
8 *serting the following:*

9                   “(6) *LIMITATION ON INDIVIDUAL DEDUCTIONS.*—  
10 *In the case of an individual—*

11                           “(A) *no deduction shall be allowed under*  
12 *this chapter for foreign real property taxes paid*  
13 *or accrued during the taxable year, and*

14                           “(B) *the aggregate amount of the deduction*  
15 *allowed under this chapter for taxes described in*  
16 *paragraphs (1), (2), and (3) of subsection (a)*  
17 *and paragraph (5) of this subsection paid or ac-*  
18 *crued by the taxpayer during the taxable year*  
19 *shall not exceed \$10,000 (\$5,000 in the case of a*  
20 *married individual filing a separate return).”.*

21           (b) *EFFECTIVE DATE.*—*The amendment made by this*  
22 *section shall apply to taxable years beginning after Decem-*  
23 *ber 31, 2017.*

1 **SEC. 143. LIMITATION ON DEDUCTION FOR QUALIFIED RES-**  
2 **IDENCE INTEREST.**

3 (a) *INTEREST ON HOME EQUITY INDEBTEDNESS.*—  
4 Section 163(h)(3)(A) is amended by striking “during the  
5 taxable year on” and all that follows through “residence of  
6 the taxpayer.” and inserting “during the taxable year on  
7 acquisition indebtedness with respect to any qualified resi-  
8 dence of the taxpayer.”.

9 (b) *LIMITATION ON ACQUISITION INDEBTEDNESS.*—  
10 Section 163(h)(3)(B)(ii) is amended to read as follows:

11 “(ii) *LIMITATION.*—The aggregate  
12 amount treated as acquisition indebtedness  
13 for any period shall not exceed the excess (if  
14 any) of—

15 “(I) \$750,00 (\$375,000, in the  
16 case of a married individual filing a  
17 separate return), over

18 “(II) the sum of the aggregate out-  
19 standing pre-October 13, 1987, indebt-  
20 edness (as defined in subparagraph  
21 (D)) plus the aggregate outstanding  
22 pre-December 15, 2017, indebtedness  
23 (as defined in subparagraph (C)).”.

24 (c) *TREATMENT OF INDEBTEDNESS INCURRED ON OR*  
25 *BEFORE DECEMBER 15, 2017.*—Section 163(h)(3)(C) is  
26 amended to read as follows:

1                   “(C) *TREATMENT OF INDEBTEDNESS INCURRED ON OR BEFORE DECEMBER 15, 2017.*—

2  
3                   “(i) *IN GENERAL.*—*In the case of any*  
4                   *pre-December 15, 2017, indebtedness, sub-*  
5                   *paragraph (B)(i) shall not apply and the*  
6                   *aggregate amount of such indebtedness*  
7                   *treated as acquisition indebtedness for any*  
8                   *period shall not exceed the excess (if any)*  
9                   *of—*

10                   “(I) *\$1,000,000 (\$500,000, in the*  
11                   *case of a married individual filing a*  
12                   *separate return), over*

13                   “(II) *the aggregate outstanding*  
14                   *pre-October 13, 1987, indebtedness (as*  
15                   *defined in subparagraph (D)).*

16                   “(ii) *PRE-DECEMBER 15, 2017, INDEBT-*  
17                   *EDNESS.*—*For purposes of this subpara-*  
18                   *graph—*

19                   “(I) *IN GENERAL.*—*The term ‘pre-*  
20                   *December 15, 2017, indebtedness’*  
21                   *means indebtedness (other than pre-October*  
22                   *13, 1987, indebtedness) incurred*  
23                   *on or before December 15, 2017.*

24                   “(II) *BINDING WRITTEN CON-*  
25                   *TRACT EXCEPTION.*—*In the case of a*

1            *taxpayer who enters into a written*  
2            *binding contract before December 15,*  
3            *2017, to close on the purchase of a*  
4            *principal residence before January 1,*  
5            *2018, and who purchases such resi-*  
6            *dence before April 1, 2018, the term*  
7            *‘pre-December 15, 2017, indebtedness’*  
8            *shall include indebtedness secured by*  
9            *such residence.*

10           *“(iii) REFINANCING INDEBTEDNESS.—*

11                    *“(I) IN GENERAL.—In the case of*  
12                    *any indebtedness which is incurred to*  
13                    *refinance indebtedness, such refinanced*  
14                    *indebtedness shall be treated for pur-*  
15                    *poses of this subparagraph as incurred*  
16                    *on the date that the original indebted-*  
17                    *ness was incurred to the extent the*  
18                    *amount of the indebtedness resulting*  
19                    *from such refinancing does not exceed*  
20                    *the amount of the refinanced indebted-*  
21                    *ness.*

22                    *“(II) LIMITATION ON PERIOD OF*  
23                    *REFINANCING.—Subclause (I) shall not*  
24                    *apply to any indebtedness after the ex-*  
25                    *piration of the term of the original in-*

1                    *debtedness or, if the principal of such*  
 2                    *original indebtedness is not amortized*  
 3                    *over its term, the expiration of the*  
 4                    *term of the 1st refinancing of such in-*  
 5                    *debtedness (or if earlier, the date which*  
 6                    *is 30 years after the date of such 1st*  
 7                    *refinancing).”.*

8                    *(d) COORDINATION WITH TREATMENT OF INDEBTED-*  
 9                    *NESS INCURRED ON OR BEFORE OCTOBER 13, 1987.—Sec-*  
 10                    *tion 163(h)(3)(D) is amended—*

11                    *(1) by striking clause (ii) and redesignating*  
 12                    *clauses (iii) and (iv) as clauses (ii) and (iii), respec-*  
 13                    *tively, and*

14                    *(2) in clause (iii) (as so redesignated)—*

15                    *(A) by striking “clause (iii)” in the matter*  
 16                    *preceding subclause (I) and inserting “clause*  
 17                    *(ii)”, and*

18                    *(B) by striking “clause (iii)(I)” in sub-*  
 19                    *clauses (I) and (II) and inserting “clause*  
 20                    *(ii)(I)”.*

21                    *(e) COORDINATION WITH EXCLUSION OF INCOME*  
 22                    *FROM DISCHARGE OF INDEBTEDNESS.—Section 108(h)(2)*  
 23                    *is amended by striking “\$1,000,000 (\$500,000” and insert-*  
 24                    *ing “\$750,000 (\$375,000”.*

1           (f) *CONFORMING AMENDMENT.*—Section 163(h)(3) is  
2 amended by striking subparagraph (F).

3           (g) *EFFECTIVE DATE.*—The amendments made by this  
4 section shall apply to taxable years beginning after Decem-  
5 ber 31, 2017.

6 **SEC. 144. MODIFICATION OF DEDUCTION FOR PERSONAL**  
7 **CASUALTY LOSSES.**

8           (a) *IN GENERAL.*—Section 165(h)(5)(A) is amended  
9 by striking “in a taxable year beginning after December  
10 31, 2017, and before January 1, 2026,”.

11           (b) *CONFORMING AMENDMENTS.*—

12                 (1) Section 165(h)(5)(B) is amended by striking  
13 “for any taxable year to which subparagraph (A) ap-  
14 plies”.

15                 (2) Section 165(h)(5) is amended by striking  
16 “FOR TAXABLE YEARS 2018 THROUGH 2025” in the  
17 heading thereof and inserting “TO LOSSES ATTRIB-  
18 UTABLE TO FEDERALLY DECLARED DISASTERS”.

19           (c) *EFFECTIVE DATE.*—The amendments made by this  
20 section shall apply to losses sustained in taxable years be-  
21 ginning after December 31, 2017.

22 **SEC. 145. TERMINATION OF MISCELLANEOUS ITEMIZED DE-**  
23 **DUCTIONS.**

24           (a) *IN GENERAL.*—Section 67 is amended—

1           (1) *by amending subsection (a) to read as fol-*  
2           *lows:*

3           “(a) *IN GENERAL.—In the case of an individual, mis-*  
4           *cellaneous itemized deductions shall not be allowed.*”, and  
5           (2) *by striking subsection (g).*

6           (b) *MOVEMENT OF DEFINITION OF ADJUSTED GROSS*  
7           *INCOME FOR ESTATES AND TRUSTS.—*

8           (1) *Section 67 is amended by striking subsection*  
9           *(e).*

10          (2) *Section 641 is amended by adding at the end*  
11          *the following new subsection:*

12          “(d) *COMPUTATION OF ADJUSTED GROSS INCOME.—*  
13          *For purposes of this title, the adjusted gross income of an*  
14          *estate or trust shall be computed in the same manner as*  
15          *in the case of an individual, except that—*

16                 “(1) *the deductions for costs which are paid or*  
17                 *incurred in connection with the administration of the*  
18                 *estate or trust and which would not have been in-*  
19                 *curred if the property were not held in such trust or*  
20                 *estate, and*

21                 “(2) *the deductions allowable under sections*  
22                 *642(b), 651, and 661,*  
23                 *shall be treated as allowable in arriving at adjusted gross*  
24                 *income.*”.

25          (c) *CONFORMING AMENDMENTS.—*

1           (1) Section 56(b)(1)(A) is amended to read as  
2 follows:

3           “(A) *CERTAIN TAXES.*—No deduction (other  
4 than a deduction allowable in computing ad-  
5 justed gross income) shall be allowed for any  
6 taxes described in paragraph (1), (2), or (3) of  
7 section 164(a) or clause (ii) of section  
8 164(b)(5)(A).”.

9           (2) Section 56(b)(1)(C), as amended by the pre-  
10 ceding provisions of this Act, is amended by striking  
11 “subparagraph (A)(ii)” and inserting “subparagraph  
12 (A)”.

13           (3) Section 62(a) is amended by striking “sub-  
14 title” in the matter preceding paragraph (1) and in-  
15 serting “title”.

16           (4) Section 641(c)(2)(E) is amended to read as  
17 follows:

18           “(E) Section 642(c) shall not apply.”.

19           (5) Section 1411(a)(2) is amended by striking  
20 “(as defined in section 67(e))”.

21           (6) Section 6654(d)(1)(C) is amended by striking  
22 clause (iii).

23           (7) Section 67 is amended in the heading, by  
24 striking “**2-PERCENT FLOOR ON**” and inserting  
25 “**DENIAL OF**”.



1           (8) *The table of sections for part 1 of subchapter*  
 2           *B of chapter 1 is amended by striking the item relat-*  
 3           *ing to section 67 and inserting the following new*  
 4           *item:*

“Sec. 67. Denial of miscellaneous itemized deductions.”.

5           (d) *EFFECTIVE DATE.—The amendments made by this*  
 6           *section shall apply to taxable years beginning after Decem-*  
 7           *ber 31, 2017.*

8           **SEC. 146. REPEAL OF OVERALL LIMITATION ON ITEMIZED**  
 9                                   **DEDUCTIONS.**

10          (a) *IN GENERAL.—Part 1 of subchapter B of chapter*  
 11          *1 is amended by striking section 68 (and the item relating*  
 12          *to such section in the table of sections for such part).*

13          (b) *CONFORMING AMENDMENTS.—*

14               (1) *Section 1(f)(7)(A), as amended by sections*  
 15               *121 and 141, is amended by striking “or section*  
 16               *68(b)(2)”.*

17               (2) *Section 56(b)(1), as amended by the pre-*  
 18               *ceding provisions of this Act, is amended by striking*  
 19               *subparagraph (E).*

20               (3) *Section 164(b)(5)(H)(ii)(III) is amended by*  
 21               *striking “(as determined under section 68(b))”.*

22               (4) *Section 164(b)(5)(H) is amended by adding*  
 23               *at the end the following new clause:*

1                   “(iii) *APPLICABLE AMOUNT DE-*  
2                   *FINED.—For purposes of clause (ii), the*  
3                   *term ‘applicable amount’ means—*

4                   “(I) \$300,000 in the case of a  
5                   *joint return or a surviving spouse,*

6                   “(II) \$275,000 in the case of a  
7                   *head of household,*

8                   “(III) \$250,000 in the case of an  
9                   *individual who is not married and*  
10                   *who is not a surviving spouse or head*  
11                   *of household, and*

12                   “(IV)  $\frac{1}{2}$  the amount applicable  
13                   *under subclause (I) in the case of a*  
14                   *married individual filing a separate*  
15                   *return.*

16                   *For purposes of this paragraph, marital*  
17                   *status shall be determined under section*  
18                   *7703. In the case of any taxable year begin-*  
19                   *ning in calendar years after 2017, each of*  
20                   *the dollar amounts in this clause shall be*  
21                   *increased by an amount equal to such dol-*  
22                   *lar amount, multiplied by the cost-of-living*  
23                   *adjustment determined under section 1(f)(3)*  
24                   *for the calendar year in which the taxable*  
25                   *year begins, determined by substituting*

1           ‘2012’ for ‘2016’ in subparagraph (A)(ii)  
2           thereof. If any amount after adjustment  
3           under the preceding sentence is not a mul-  
4           tiple of \$50, such amount shall be rounded  
5           to the next lowest multiple of \$50.”.

6           (c) *EFFECTIVE DATE.*—The amendments made by this  
7           section shall apply to taxable years beginning after Decem-  
8           ber 31, 2017.

9           **SEC. 147. TERMINATION OF EXCLUSION FOR QUALIFIED BI-**  
10           **CYCLE COMMUTING REIMBURSEMENT.**

11           (a) *IN GENERAL.*—Section 132(f)(1) is amended by  
12           striking subparagraph (D).

13           (b) *CONFORMING AMENDMENTS.*—

14           (1) Section 132(f)(2) is amended by adding  
15           “and” at the end of subparagraph (A), striking “,  
16           and” at the end of subparagraph (B) and inserting  
17           a period, and striking subparagraph (C).

18           (2) Section 132(f)(4) is amended by striking  
19           “(other than a qualified bicycle commuting reim-  
20           bursement)”.

21           (3) Section 132(f) is amended by striking para-  
22           graph (8).

23           (4) Section 274(l)(2) is amended by striking  
24           “after December 31, 2017, and before January 1,  
25           2026”.

1       (c) *EFFECTIVE DATE.*—*The amendments made by this*  
2 *section shall apply to taxable years beginning after Decem-*  
3 *ber 31, 2017.*

4 **SEC. 148. QUALIFIED MOVING EXPENSE REIMBURSEMENT**  
5 **EXCLUSION LIMITED TO MEMBERS OF ARMED**  
6 **FORCES.**

7       (a) *IN GENERAL.*—*Section 132(g) is amended—*

8             (1) *by striking “by an individual” in paragraph*  
9 *(1) and inserting “by a qualified military indi-*  
10 *vidual”, and*

11            (2) *by striking paragraph (2) and inserting the*  
12 *following new paragraph:*

13            “(2) **QUALIFIED MILITARY INDIVIDUAL.**—*For*  
14 *purposes of this subsection, the term ‘qualified mili-*  
15 *tary individual’ means a member of the Armed*  
16 *Forces of the United States on active duty who moves*  
17 *pursuant to a military order and incident to a per-*  
18 *manent change of station.”.*

19       (b) *EFFECTIVE DATE.*—*The amendments made by this*  
20 *section shall apply to taxable years beginning after Decem-*  
21 *ber 31, 2017.*

22 **SEC. 149. DEDUCTION FOR MOVING EXPENSES LIMITED TO**  
23 **MEMBERS OF ARMED FORCES.**

24       (a) *IN GENERAL.*—*Section 217 is amended—*

1           (1) *by amending subsection (a) to read as fol-*  
2           *lows:*

3           “(a) *DEDUCTION ALLOWED.—There shall be allowed*  
4           *as a deduction moving expenses paid or incurred during*  
5           *the taxable year by a member of the Armed Forces of the*  
6           *United States on active duty who moves pursuant to a mili-*  
7           *tary order and incident to a permanent change of station.”,*

8           (2) *by striking subsections (c), (d), (f), and (g)*  
9           *and redesignating subsections (h), (i), (j), and (k) as*  
10           *subsections (c), (d), (f) and (g), respectively, and*

11           (3) *by inserting after subsection (d), as so redес-*  
12           *ignated, the following new subsection:*

13           “(e) *EXPENSES FURNISHED IN KIND.—Any moving*  
14           *and storage expenses which are furnished in kind (or for*  
15           *which reimbursement or an allowance is provided, but only*  
16           *to the extent of the expenses paid or incurred)—*

17           “(1) *to such member, his spouse, or his depend-*  
18           *ents, shall not be includible in gross income, and no*  
19           *reporting with respect to such expenses shall be re-*  
20           *quired by the Secretary of Defense or the Secretary of*  
21           *Transportation, as the case may be, and*

22           “(2) *to such member’s spouse and his dependents*  
23           *with regard to moving to a location other than the*  
24           *one to which such member moves (or from a location*  
25           *other than the one from which such member moves),*

1        *this section shall apply with respect to the moving ex-*  
2        *penses of his spouse and dependents as if his spouse*  
3        *commenced work as an employee at a new principal*  
4        *place of work at such location.”.*

5        *(b) CONFORMING AMENDMENTS.—*

6            *(1) Subsections (d)(3)(C) and (e) of section 23*  
7        *are each amended by striking “section 217(h)(3)” and*  
8        *inserting “section 217(c)(3)”.*

9            *(2) Section 7872(f) is amended by striking para-*  
10        *graph (11).*

11            *(3) Section 217 is amended in the heading by*  
12        *striking “MOVING EXPENSES” and inserting “CER-*  
13        *TAIN MOVING EXPENSES OF MEMBERS OF*  
14        *ARMED FORCES”.*

15            *(4) The table of sections for part VII of sub-*  
16        *chapter B of chapter 1 is amended by striking the*  
17        *item relating to section 217 and inserting the fol-*  
18        *lowing new item:*

*“Sec. 217. Certain moving expenses of members of Armed Forces.”.*

19            *(c) EFFECTIVE DATE.—The amendments made by this*  
20        *section shall apply to taxable years beginning after Decem-*  
21        *ber 31, 2017.*

22        **SEC. 150. LIMITATION ON WAGERING LOSSES.**

23            *(a) IN GENERAL.—Section 165(d) is amended by strik-*  
24        *ing “in the case of taxable years beginning after December*  
25        *31, 2017, and before January 1, 2026,”.*

1       (b) *EFFECTIVE DATE.*—*The amendment made by this*  
2 *section shall apply to taxable years beginning after Decem-*  
3 *ber 31, 2017.*

4       ***Subtitle F—Increase in Estate and***  
5                                   ***Gift Tax Exemption***

6       ***SEC. 151. INCREASE IN ESTATE AND GIFT TAX EXEMPTION.***

7       (a) *IN GENERAL.*—*Section 2010(c)(3) is amended in*  
8 *subparagraph (A), by striking “\$5,000,000” and inserting*  
9 *“\$10,000,000”.*

10       (b) *CONFORMING AMENDMENTS.*—

11               (1) *Section 2001(g) is amended to read as fol-*  
12 *lows:*

13               “(g) *MODIFICATIONS TO GIFT TAX PAYABLE TO RE-*  
14 *FLECT DIFFERENT TAX RATES.*—*For purposes of applying*  
15 *subsection (b)(2) with respect to 1 or more gifts, the rates*  
16 *of tax under subsection (c) in effect at the decedent’s death*  
17 *shall, in lieu of the rates of tax in effect at the time of such*  
18 *gifts, be used both to compute—*

19                       “(1) *the tax imposed by chapter 12 with respect*  
20 *to such gifts, and*

21                       “(2) *the credit allowed against such tax under*  
22 *section 2505, including in computing—*

23                               “(A) *the applicable credit amount under*  
24 *section 2505(a)(1), and*

1           “(B) the sum of the amounts allowed as a  
2           credit for all preceding periods under section  
3           2505(a)(2).”.

4           (2) Section 2010(c)(3) is amended by striking  
5           subparagraph (C).

6           (c) *EFFECTIVE DATE.*—The amendments made by this  
7           section shall apply to estates of decedents dying and gifts  
8           made after December 31, 2017.

9           **TITLE II—INCREASED EXEMP-**  
10           **TION FOR ALTERNATIVE MIN-**  
11           **IMUM TAX MADE PERMANENT**

12           **SEC. 201. INCREASED EXEMPTION FOR INDIVIDUALS.**

13           (a) *IN GENERAL.*—Section 55(d)(1) is amended—

14                   (1) by striking “\$78,750” in subparagraph (A)  
15                   and inserting “\$109,400”, and

16                   (2) by striking “\$50,600” in subparagraph (B)  
17                   and inserting “\$70,300”.

18           (b) *PHASE-OUT OF EXEMPTION AMOUNT.*—Section  
19           55(d)(2) is amended—

20                   (1) by striking “\$150,000” in subparagraph (A)  
21                   and inserting “\$1,000,000”, and

22                   (2) by striking subparagraphs (B) and (C) and  
23                   by inserting the following new subparagraphs:

24                           “(B) 50 percent of the dollar amount appli-  
25                           cable under subparagraph (A) in the case of a



1 taxpayer described in paragraph (1)(B) or  
2 (1)(C), and

3 “(C) \$75,000 in the case of a taxpayer de-  
4 scribed in paragraph (1)(D).”,

5 (c) INFLATION ADJUSTMENT.—Section 55(d)(3) is  
6 amended to read as follows:

7 “(3) INFLATION ADJUSTMENT.—In the case of  
8 any taxable year beginning in a calendar year after  
9 2018, each dollar amount described in clause (i) or  
10 (ii) of subparagraph (B) shall be increased by an  
11 amount equal to—

12 “(A) such dollar amount, multiplied by  
13 “(B) the cost-of-living adjustment deter-  
14 mined under section 1(f)(3) for the calendar year  
15 in which the taxable year begins, determined by  
16 substituting—

17 “(i) in the case of a dollar amount  
18 contained in paragraph (1)(D) or (2)(C) or  
19 in subsection (b)(1)(A), ‘calendar year  
20 2011’ for ‘calendar year 2016’ in subpara-  
21 graph (A)(ii) thereof, and

22 “(ii) in the case of a dollar amount  
23 contained in paragraph (1)(A), (1)(B), or  
24 (2)(A), ‘calendar year 2017’ for ‘calendar  
25 year 2016’ in subparagraph (A)(ii) thereof.

1        *Any increased amount determined under this para-*  
2        *graph shall be rounded to the nearest multiple of \$100*  
3        *(\$50 in the case of the dollar amount contained in*  
4        *paragraph (2)(C)).”.*

5        *(d) CONFORMING AMENDMENT.—Section 55(d) is*  
6        *amended by striking paragraph (4).*

7        *(e) EFFECTIVE DATE.—The amendments made by this*  
8        *section shall apply to taxable years beginning after Decem-*  
9        *ber 31, 2017.*



Union Calendar No. 746

115<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**H. R. 6760**

[Report No. 115-958]

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## **A BILL**

To amend the Internal Revenue Code of 1986 to make permanent certain provisions of the Tax Cuts and Jobs Act affecting individuals, families, and small businesses.

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SEPTEMBER 24, 2018

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed