

ESTIMATED REVENUE EFFECTS OF
THE "TAX CUTS AND JOBS ACT,"
AS PASSED BY THE SENATE ON DECEMBER 2, 2017

Fiscal Years 2018 - 2027

[Billions of Dollars]

Provision	Effective	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2018-22	2018-27
I. Tax Reform for Individuals													
A. Simplification and Reform of Rates, Standard Deductions, and Exemptions													
1. 10%, 12%, 22%, 24%, 32%, 35%, and 38.5% income tax rate brackets (sunset 12/31/25) [1][2].....	tyba 12/31/17	-89.8	-130.9	-136.3	-141.7	-147.1	-153.1	-159.0	-165.5	-50.3	[3]	-645.8	-1,173.8
2. Modify standard deduction (\$12,000 for singles, \$24,000 for married filing jointly, \$18,000 for HoH) (sunset 12/31/25) [2].....	tyba 12/31/17	-58.3	-84.1	-86.6	-89.7	-92.6	-95.1	-98.1	-101.6	-30.8	[3]	-411.2	-736.9
3. Repeal of deduction for personal exemptions (sunset 12/31/25) [2].....	tyba 12/31/17	93.9	138.1	142.5	147.4	153	158.8	164.6	170.5	51.7	---	675.0	1,220.6
4. Alternative inflation measure.....	tyba 12/31/17	0.8	2.2	5.5	8.3	10.4	12.9	16.7	20.1	25.6	31.5	27.2	134.0
B. Treatment of Business Income of Individuals													
1. Allow 23 percent deduction of certain domestic non-service passthrough income of individuals, capped at 50 percent of taxpayer's share of total wages paid by the business. Exceptions (1) allow the deduction for service passthrough income for individuals below taxable income threshold, and (2) provide the wage cap does not apply for individuals below taxable income threshold. Threshold is taxable income below \$500,000 for joint filers, \$250,000 for all other individuals, phased out over next \$100,000 for joint filers and \$50,000 for all others; provides special rules for qualified REIT and cooperative dividends, specific agricultural or horticultural cooperatives, and publicly traded partnerships (sunset 12/31/25) [4][5].....	generally tyba 12/31/17	-32.0	-54.2	-57.4	-59.2	-60.4	-60.0	-61.7	-59.2	-29.1	-4.1	-262.9	-477.1
2. Disallow active passthrough losses in excess of \$500,000 for joint filers, \$250,000 for all others (sunset 12/31/25).....	tyba 12/31/17	10.2	16.5	16.6	17.2	17.8	18.2	18.8	19.5	5.9	-3.5	78.4	137.4

[illegible]

Provision	Effective	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2018-22	2018-27
2. Allow for increased contributions to ABLE accounts; allow saver's credit for ABLE contributions (sunset 12/31/25).....	tyba 12/31/17	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]
3. Allow rollovers from 529 accounts to ABLE accounts (sunset 12/31/25).....	da DOE	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]
4. Extend time limit for contesting IRS levy.....	[11]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]
5. Treatment of certain individuals performing services in the Sinai Peninsula of Egypt (sunset 12/31/25).....	spo/a 6/9/15	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	---	[3]	[3]
6. Modification of user fees for installment agreements.....	[12]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]
7. Extend the limitations period with respect to excluding amounts received by wrongfully incarcerated individuals (sunset 12/31/25).....	DOE	[3]	---	---	---	---	---	---	---	---	---	[3]	[3]
8. Treatment of student loans discharged on account of death or disability (sunset 12/31/25).....	doia 12/31/17	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	-0.1
9. Double the deduction for educator expenses (sunset 12/31/25).....	tyba 12/31/17	[3]	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.1	---	-0.8	-1.5
10. Allow 529 withdrawals up to \$10,000 for primary and secondary education.....	da 12/31/17	[3]	[3]	[3]	[3]	[3]	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.5
11. Retirement plan and casualty loss relief for any area with respect to which a major disaster has been declared by the President under section 401 of the Robert T. Stafford Relief and Emergency Assistance Act during 2016	DOE	-3.2	-1.3	[6]	[6]	[3]	[3]	[3]	[3]	[3]	[3]	-4.6	-4.6
12. Unify the tax treatment of whistleblower awards.....	tyba 12/31/17	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	-0.1	-0.1
13. Clarification of IRS whistleblower awards [2].....	[13]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	-0.1
Total of Tax Reform for Individuals		-66.3	-172.4	-157.5	-141.2	-134.3	-132.0	-129.3	-122.5	-40.0	74.2	-671.6	-1,021.3
II. Business Tax Reform													
A. Tax Rates													
1. 20 percent corporate tax rate in 2019 and thereafter.....	tyba 12/31/18	-15.2	-99.0	-138.6	-141.9	-143.2	-147.7	-152.5	-157.0	-163.1	-171.0	-537.9	-1,329.2
2. Reduction of dividends received deduction percentages.....	tyba 12/31/18	---	0.4	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.7	2.0	5.1
B. Small Business Reforms													
1. Increase section 179 expensing to \$1 million with a phaseout range beginning at \$2.5 million and expand definition of qualified property.....	ppisi tyba 12/31/17	-3.5	-6.3	-4.3	-2.6	-2.0	-1.5	-1.1	-0.9	-0.9	-0.8	-18.8	-24.0
2. Simplified accounting for small business.....	[14]	-8.7	-6.9	-2.6	-1.6	-1.3	-1.2	-1.2	-1.3	-1.4	-1.4	-21.1	-27.6
C. Cost Recovery, etc.													
1. Extension, expansion, and phase down of bonus depreciation (sunset 12/31/26) [15].....	ppisa & sppoga 9/27/17	-37.0	-42.0	-24.6	-14.4	-11.8	-4.5	3.8	7.9	11.9	13.8	-129.8	-96.9
2. Limit net interest deductions to 30 percent of adjusted taxable income, carryforward of denied deduction.....	tyba 12/31/17	24.5	39.1	30.5	30.3	29.1	28.6	28.3	30.3	32.7	34.1	153.5	307.5
3. Modify treatment of S corporation conversions into C corporations.....	tyba 12/31/17	-0.5	-0.5	-0.6	-0.6	-0.6	-0.6	-0.6	-0.7	-0.7	-0.7	-2.8	-6.1

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[illegible]

Provision	Effective	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2018-22	2018-27
L. Retirement Savings													
1. Modification of rules relating to hardship withdrawals from cash or deferred arrangements.....	pyba 12/31/17	0.1	0.1	0.2	0.2	0.1	0.1	0.1	---	-0.1	-0.1	0.7	0.7
2. Repeal of special rule permitting recharacterization of IRA contributions.....	tyba 12/31/17	[6]	[6]	[6]	[6]	[6]	0.1	0.1	0.1	0.1	0.1	0.2	0.5
3. Length of service awards for public safety volunteers [24].....	tyba 12/31/17	[3]	[3]	[3]	[3]	[3]	[3]	-0.1	-0.1	-0.1	-0.1	-0.1	-0.5
4. Extended rollover period for certain plan loan offsets.....	tyba 12/31/17	----- Negligible Revenue Effect -----											
M. Other Provisions													
1. Modify tax treatment of Alaska Native Corporations and Settlement Trusts.....	[25]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	-0.1
2. Expansion of qualifying beneficiaries of an electing small business trust, and modify charitable contribution deduction for electing small business trusts.....	1/1/18 feoqb & tyba 12/31/17 fc	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	-0.1	-0.3
3. Craft beverage modernization and tax reform (sunset 12/31/19).....	generally 1/1/18	-1.6	-1.5	-1.1	---	---	---	---	---	---	---	-4.2	-4.2
4. Exempt amounts paid for aircraft management services from the excise taxes imposed on transportation by air.....	apa DOE	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]
5. Create qualified opportunity zones.....	DOE	-1.2	-1.7	-1.6	-1.7	-1.6	-1.5	-1.5	-1.6	8.1	2.7	-7.7	-1.6
6. Deny deduction for settlements subject to a nondisclosure agreement paid in connection with sexual harassment.....	apoia DOE	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]
7. Expand provision relating to the non-deductibility of fines and penalties.....	apoio/a DOE	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	0.1	0.1
8. Repeal of deduction for local lobbying expenses.....	apoio/a DOE	[6]	[6]	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.3	0.6
9. Recharacterization of certain gains on property held for fewer than 3 years in the case of partnership profits interest held in connection with performance of investment services.....	tyba 12/31/17	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.7	1.2
10. Treatment of veterans’ preference as not violating general public use requirements; increase in credit for certain rural housing.....	generally bpisa DOE	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]
Total of Business Tax Reform.....		-19.7	-84.8	-108.4	-92.1	-82.5	-72.2	-67.9	-73.0	-42.6	-43.7	-387.7	-687.2
III. International Tax Reform													
A. Establishment of Participation Exemption System for Taxation of Foreign Income													
1. Deduction for dividends received by domestic corporations from certain foreign corporations.....	[26]	-17.6	-26.3	-18.2	-20.1	-20.5	-20.4	-21.7	-22.7	-23.3	-24.6	-102.8	-215.5
2. Special rules relating to sales or transfers involving certain foreign corporations.....	dri tyba & Ta 12/31/17	0.2	0.2	0.5	0.8	1.2	1.4	1.6	1.5	1.7	2.2	2.9	11.3

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Provision	Effective	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2018-22	2018-27
E. Modifications Related to Foreign Tax Credit System													
1. Repeal of section 902 indirect foreign tax credits; determination of section 960 credit on current year basis.....	[26]	----- Estimate Included in Item III.A.1. -----											
2. Separate foreign tax credit limitation basket for foreign branch income.....	tyba 12/31/17	----- Estimate Included in Item III.B.1. -----											
3. Acceleration of election to allocate interest, etc., on a worldwide basis.....	tyba 12/31/17	-0.3	-0.6	-0.7	-0.4	---	---	---	---	---	---	-2.0	-2.0
4. Source of income from sales of inventory determined solely on basis of production activities.....	tyba 12/31/17	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.3	0.5
F. Inbound Provisions													
1. Base erosion and anti-abuse tax.....	apoa 12/31/17	3.9	9.4	11.6	12.3	12.8	13.6	14.3	14.8	20.5	26.7	50.0	140.0
G. Other Provisions													
1. Restriction on insurance business exception to passive foreign investment company rules.....	tyba 12/31/17	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.5	1.1
2. Repeal of fair market value method of interest expense apportionment.....	tyba 12/31/17	[6]	0.1	0.1	[6]	[6]	[6]	[6]	[6]	[6]	[6]	0.2	0.2
3. Treatment of sourcing rules for U.S. territories.....	tyba 12/31/18	---	[3]	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.3	-0.6
Total of International Tax Reform		54.4	37.4	19.5	15.8	15.9	21.1	33.0	39.5	23.3	3.1	142.5	261.8
NET TOTAL		-31.6	-219.8	-246.4	-217.5	-200.9	-183.1	-164.2	-156.0	-59.3	33.6	-916.8	-1,446.7

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding. The date of enactment is generally assumed to be December 15, 2017.

Legend for "Effective" column:

apa = amounts paid after
apoa = amounts paid or accrued after
apoa = amounts paid or incurred after
apoi = amounts paid or incurred in
apoi/a = amounts paid or incurred on or after
ar = advance refunding
bia = bonds issued after
bpisa = buildings placed in service after
cmi = contributions made in
da = distributions after
dda = decedents dying after

doia = discharges of indebtedness after
dpa = dividends paid after
dri = dividends received in
eca = exchanges completed after
fc = for charitable
feoqb = for expansion of qualifying beneficiaries
gma = gifts made after
lai = losses accrued in
mba = months beginning after
ppisa = property placed in service after
pyba = plan years beginning after

saea = sales and exchanges after
seaoda = sales, exchanges, and other dispositions after
spo/a = service provided on or after
spoga = specified plants planted or grafted after
ta = transactions after
Ta = transfers after
teia = transactions entered into after
topia = transfers of partnership interests after
tyba = taxable years beginning after

Footnotes for JCX-63-17:

[1] The parameters for the beginning of the 25%, 32%, 35%, and 38.5% rate brackets, and the standard deduction amount use 2018 as the base year. Other indexed parameters are adjusted for inflation from their 2017 values using the chained CPI-U as the inflation measure to determine 2018 values.

[2] Estimate includes the following outlay effects:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2018-22</u>	<u>2018-27</u>
10%, 12%, 22%, 24%, 32%, 35%, and 38.5% tax brackets.....	---	1.0	1.1	1.2	1.2	1.2	1.2	1.2	1.3	[29]	4.4	9.3
Modify standard deduction.....	---	9.4	9.7	10.2	10.4	10.5	10.6	10.7	10.9	[29]	39.7	82.5
Repeal personal exemptions.....	-10.8	-15.9	-16.3	-16.6	-16.9	-17.2	-17.4	-17.7	-5.3	---	-76.6	-134.2
Alternative inflation measure	---	-0.3	-0.6	-1.3	-1.6	-2.1	-2.5	-3.1	-3.6	-4.1	-3.9	-19.3
Modification of child tax credit.....	---	18.0	18.4	18.3	18.3	20.3	20.2	20.2	18.7	---	73.0	152.4
Require valid Social Security number of each child to claim refundable portion of child credit	---	-3.2	-3.0	-2.9	-2.9	-2.9	-2.9	-2.8	-2.7	-0.5	-12.0	-23.8
Repeal of itemized deductions for taxes not paid or accrued in a trade or business, interest on home equity debt, non-disaster casualty losses and certain miscellaneous expenses.....	---	-0.4	-0.2	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	---	-1.2	-2.3
Reduce amount of the ACA individual shared responsibility payment to zero.....	---	-6.2	-12.9	-28.2	-35.2	-38.4	-40.7	-43.1	-45.2	-47.8	-82.5	-297.7
Clarification of IRS whistleblower awards.....	[29]	[29]	[29]	[29]	[29]	[29]	[29]	[29]	[29]	[29]	[29]	0.1

[3] Loss of less than \$50 million.

[4] Estimate includes the following budget effects:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2018-22</u>	<u>2018-27</u>
Total Revenue Effect (SECA interaction).....	-1.3	-1.8	-1.6	-1.3	-0.9	1.7	2.7	1.9	0.4	---	-6.8	-0.1
On-budget effects.....	-0.2	-0.4	-0.3	-0.3	-0.2	0.3	0.6	0.4	0.1	---	-1.4	[3]
Off-budget effects.....	-1.0	-1.4	-1.2	-1.0	-0.7	1.4	2.2	1.5	0.3	---	-5.4	[3]

[5] Effective for agricultural or horticultural cooperatives for taxable years beginning after December 31, 2018.

[6] Gain of less than \$50 million.

[7] Estimate includes the following budget effects:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2018-22</u>	<u>2018-27</u>
Total Revenue Effect.....	0.4	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.2	---	2.7	4.8
On-budget effects.....	0.3	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.1	---	2.2	3.8
Off-budget effects.....	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	---	---	0.6	1.0

[8] Estimate includes policy that retains exclusion under section 217(g) (related to members of the Armed Forces).

[9] Estimate provided by the Joint Committee on Taxation staff in collaboration with the Congressional Budget Office.

[10] Estimate includes the following budget effects:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2018-22</u>	<u>2018-27</u>
Total Revenue Effect.....	---	6.5	10.2	28.8	37.5	41.2	44.1	46.8	50.1	53.2	83.0	318.4
On-budget effects.....	---	6.5	9.4	26.9	35.2	38.8	41.4	43.9	47.2	50.4	78.0	299.6
Off-budget effects.....	---	0.1	0.8	1.9	2.3	2.4	2.7	2.9	2.9	2.8	5.0	18.7

[11] Effective with respect to: (1) levies made after the date of enactment; and (2) levies made on or before the date of enactment provided that the nine-month period has not expired as of the date of enactment.

[12] Effective for agreements entered into on or after the date that is 60 days after date of enactment.

[13] Effective for information provided before, on, or after the date of enactment with respect to which a final determination for an award has not been made before such date.

Footnotes for JCX-63-17 continued:

[14] The expansion of the threshold allowing the use of the cash method, the creation of an exemption from the requirement to use inventories, and the expansion of the exception from the uniform capitalization rules are effective for taxable years beginning after December 31, 2017. The expansion of the exception from the requirement to use the percentage of completion method is effective for contracts entered into after December 31, 2017, in taxable years ending after such date. The threshold applicable to each provision is indexed for inflation for taxable years beginning after December 31, 2018.

[15] The percentage is phased down from 100 percent by 20 percent per calendar year beginning in 2023 (2024 for certain longer production period property and certain aircraft).

[16] Estimate includes the following provisions: for nonresidential real property, reduce the applicable recovery period to 25 years from 39 years; for residential rental property, reduce the applicable recovery period to 25 years from 27.5 years; for qualified improvement property, reduce the applicable recovery period to 10 years from 15 years.

[17] Effective for non-corporate taxpayers and certain special rules for agricultural and horticultural cooperatives for taxable years beginning after December 31, 2017. Effective for C corporations for taxable years beginning after December 31, 2018.

[18] Estimate includes the following budget effects:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2018-22</u>	<u>2018-27</u>
Total Revenue Effect.....	1.6	2.0	2.1	2.1	2.2	2.3	2.4	2.5	2.8	2.9	10.0	22.9
On-budget effects.....	1.3	1.6	1.7	1.8	1.8	1.9	2.0	2.1	2.4	2.4	8.2	19.0
Off-budget effects.....	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	1.8	3.9
[19] Estimate includes the following budget effects:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2018-22</u>	<u>2018-27</u>
Total Revenue Effect.....	1.3	1.5	1.7	1.7	1.8	1.8	1.8	1.9	1.9	2.0	7.9	17.4
On-budget effects.....	1.0	1.2	1.3	1.3	1.4	1.4	1.5	1.5	1.5	1.6	6.4	13.9
Off-budget effects.....	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	1.6	3.5

[20] Generally effective for taxable years beginning after December 31, 2017. Effective for taxable years beginning after December 31, 2018 for income from a debt instrument having original issue discount.

[21] Generally effective for amounts paid or incurred after December 31, 2017, with a transition rule providing that for buildings owned or leased at all times after December 31, 2017, the 24-month period for making qualified rehabilitation expenditures begins no later than 180 days after the date of enactment, and the repeal is effective for such expenditures paid or incurred after the end of the taxable year in which such 24-month period ends.

[22] Transition rule for any remuneration under a written binding contract which was in effect on November 2, 2017, and which was not modified thereafter in any material respect.

[23] Effective for options exercised or restricted stock units settled after December 31, 2017. The penalty for failure to provide a notice is effective for failures after December 31, 2017.

[24] Estimate includes the following budget effects:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2018-22</u>	<u>2018-27</u>
Total Revenue Effect.....	[3]	[3]	[3]	[3]	[3]	[3]	-0.1	-0.1	-0.1	-0.1	-0.1	-0.5
On-budget effects.....	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	-0.1	-0.1	[3]	-0.3
Off-budget effects.....	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	-0.1	[3]	-0.2

[25] Generally, taxable years beginning after December 31, 2016. The deduction for contributions to a Settlement Trust is effective for taxable years for which the Native Corporation's refund statute of limitations period has not expired, with a one-year waiver of the refund statute of limitations period in the event that the period expires before the end of the one-year period beginning on the date of enactment.

[26] Effective for taxable years of foreign corporations beginning after December 31, 2017, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end.

[27] Effective for the last taxable year of foreign corporations beginning before January 1, 2018, and all subsequent taxable years of foreign corporations and for the taxable years of a United States shareholder with or within which such taxable years end.

[28] Effective for distributions made in taxable years of foreign corporations beginning after December 31, 2017, and for taxable years of United States shareholders with or within which such taxable years of foreign corporations end.

[29] Increase in outlays of less than \$50 million.