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"Tax Cuts and Jobs Act"

An Overview of the Provisions of the "Tax Cuts and Jobs Act"

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			PART I - Tax Rate Reform	
2	11001	1	Prior to the Tax Act, the 7 tax brackets for individuals were 10%, 15%, 25%, 28%, 33%, 35%, and 39.6% for married TPs with taxable income over $418,400 and single TPS with taxable income over $235,350. Under prior law, the unearned income of a child who had not attained the age of 19 was taxed at the parent's tax rate. For tax years 2018 through 2025 the tax brackets for individuals will be 10%, 12%, 22%, 24%, 32%, 35%, and 37% for single TPs with taxable income over $500,000, and married TPs with taxable income over $600,000, and $12,500 for trusts and estates. The rates for capital gains and dividends remain unchanged. The unearned income of minors will be taxed at the same tax rates as trusts and estates.	1/1/2026
17	1102	1(f)	Prior to the Tax Act, the tax tables and tax brackets were adjusted based on the Consumer Price Index for all urban customers. For tax years starting after December 31, 2017, the indexing for the tax tables, tax brackets, and other indexed amounts in the Code will be based on the C-CPI-U. The CPI-U is the consumer price index for all urban consumers and measures the prices paid by consumers on a broad range of products. The C-CPI-U allows for the substitution of products, resulting in a slower increase in the indexed amount.	Permanent

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			PART II - Qualified Business Income	
20	11011	199A (New)	An individual TP may deduct an amount that is equal to the LESSER of (i) 20% of the TP's "combined qualified business income amount" from S corp; partnership; and sole proprietorship; or (ii) 20% of an amount that is equal to the TP's taxable income reduced by the TP's net capital gains and qualified cooperative dividends. In determining a TP's "combined qualified business income amount" the TP's interest in all qualified businesses are aggregated. If there is an overall loss, no deduction is taken and the loss is carried forward. To determine the TP's "combined qualified business amount" a determination of the TP's qualified business income must be made. First "qualified business income" is determined for each qualified trade or business. "Qualified business income" for a trade or business means the net amount of qualified items of income, gain, deduction and loss with respect to any qualified trade or business. Qualified business income does not include dividend income, non-investment interest income, short and long term capital gains and losses. Qualified business income does not include reasonable compensation paid by an S corp or guaranteed payment paid by a partnership. For a TP whose taxable income does not exceed the "threshold amount" the TP's "qualified business income amount" is an amount that is equal to 20% of the TP's qualified business income. For 2018 the "threshold amount" is $157,500 for a single TP and $315,000 for a TP who is married and filing jointly. The threshold amount is indexed for future years.	1/1/2026

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			If the TP's taxable income exceeds the "threshold amount" by more than $50,000 for a single TP and more than $100,000 for a married TP filing jointly, then the TP's "qualified business income amount" for a trade or business is the lesser of (i) 20% of the TP's qualified business income with respect to the qualified trade or business or (ii) the greater of (a) 50% of the W-2 wages with respect to the qualified trade or business; or (b) the sum of 25% of the W-2 wages with respect to the qualified trade or business plus 2.5% of the unadjusted basis immediately after the acquisition of all qualified property. If the TP's taxable income exceeds the "threshold amount" but not by more than $50,000 if single and not by more than $100,000 if married filing jointly, and if 20% of the TP's qualified business income with respect to the qualified trade or business is greater than the greater of (a) 50% of the W-2 wages with respect to the qualified trade or business; or (b) the sum of 25% of the W-2 wages with respect to the qualified trade or business plus 2.5% of the unadjusted basis immediately after the acquisition of all qualified property, then the TP's qualified business income amount is an amount that is equal to 20% of the TP's qualified business income with respect to the qualified trade or business reduced by an amount that is equal to (i) the difference between (a) 20% of the TP's qualified business income with respect to the qualified trade or business and (b) the greater of (1) 50% of the W-2 wages with respect to the qualified trade or business; or (2) the sum of 25% of the W-2 wages with respect to the qualified trade or business plus 2.5% of the unadjusted basis immediately after the acquisition of all qualified property; and (ii) multiplying the difference in (i) by a fraction, the numerator of which is the difference between the TP's taxable income and the threshold amount, and the denominator is $50,000 if the TP is single or $100,000 if the TP is married filing jointly.	

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			The TP's qualified business income amount from all the TP's qualified trades and businesses are aggregated together with 20% of the TP's aggregate amount of qualified REIT dividends, and qualified publicly traded partnership income. If the trade or business is a "qualified specified service business" different rules apply. The term "qualified specified service business" includes a trade or business involving the performance of services in the fields of health, law, accounting, actuarial science, performing arts, consulting, athletics, financial services, and brokerage services. Unlike non-specified service trades or business, the deduction under Section 199A is not allowed at all if the TP's taxable income exceeds the threshold amount for the TP, based on marital status, plus $50,000 if a single TP or $100,000 for a married TP filing jointly. For 2018, this means if the TP's taxable income is greater than $207,500 if single or $415,000 if married filing jointly, no deduction is allowed under Section 199A for qualified business income from a specified service business. If, however, the TP's taxable income does not exceed the threshold amount applicable to that taxpayer, then the TP's Section 199A deduction will be computed in the same manner as a TP who had qualified business income from a qualified trade or business that was not a specified services business and who did not have taxable income in excess of the threshold amount. If the TP's taxable income is in excess of the applicable threshold amount but does not exceed the threshold amount by more than $50,000 if a single TP or $100,000 if a married TP filing jointly, then the TP is entitled to a portion of the deduction. In that case, the deduction is determined by multiplying the qualified business income, the W-2 wages and the unadjusted basis in qualified property by the applicable percentage. The applicable percentage is 100% reduced by a percentage that is equal to the TP's (taxable income less the threshold amount) divided by $50,000 or $100,000 depending on the TP's filing status.	

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			Qualified property is tangible property that is depreciable and that is used in the production of qualified business income and for which the depreciable period has not ended before the close of the taxable year. The depreciable period is the greater of 10 years or the last day of the applicable recovery period under Section 168. If property is sold before the end of the taxable year, it is not taken into account in determining the limitation. This new Section is effective for tax years starting after December 31, 2017.	
56	11012	461(l) (New)	For tax years starting after December 31, 2017, excess business losses of a taxpayer other than a C corporation are not allowed. Such losses are carried forward as an NOL. NOLs are allowed to the lesser of the carryover amount or 90% of the TP's taxable income determined without the NOL calculation. An excess business loss is the excess of the deductions attributable to the TP's trade/businesses over the aggregate gross income of the trade/businesses plus a threshold amount ($250,000 for a single TP, and $500,000 for a married TP filing jointly). The $250,000/$500,000 amount will be indexed.	1/1/2026
			PART III - Tax Benefits For Families and Individuals	
14	11021	63(c)	For 2017 the standard deduction for a single TP is $6,350 and for a married TP filing jointly it is $12,700. For 2018, the standard deduction will be increased to $12,000 for single TPs; and $24,000 for married TPs. For tax years 2019 through 2025 the standard deduction will be indexed based on the C-CPI-U.	1/1/2026

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41	11022	24	Prior to the Tax Act, a TP could claim a credit for each qualifying child under the age of 17. The amount of the credit was $1,000. A child who was not a U.S. citizen, national or resident of the U.S. was not a qualifying child. The credit was phased out for single TPs with adjusted gross incomes over $75,000 and married TPs with adjusted gross incomes over $110,000. If the credit exceeded the TP's taxable income, the TP was entitled to a refundable credit equal to 15% of earned income in excess of $3,000. For tax years 2018 through 2025, there is a credit of $2,000 for each qualifying child and a $500 nonrefundable credit for a qualifying dependent other than a qualifying child. The maximum amount of the refundable credit is $1,400 per child. To receive the child tax credit the child must have an SSN. If the child does not have an SSN, the TP may still qualify for the $500 nonrefundable credit. A qualifying child is a child under the age of 17. The credit is phased out for married TPs with adjusted gross incomes over $400,000 and for all other TPs who have an adjusted gross income over $200,000.	1/1/2026
83	11023	170	Prior to the Tax Act, as a general rule, a TP was entitled to a deduction for contributions to public charities up to an amount that does not exceed 50% of the TP's adjusted gross income. For tax years 2018 through 2025, Section 170 is amended to permit an increase in the deduction limit, if the charitable contribution is a cash contribution. In that case, a TP may take a deduction for a contribution of cash to public charities provided the contribution does not exceed 60% of the TP's adjusted gross income.	1/1/2026

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155	11024	529A	Currently, a tax favored ABLE account may be established under a program maintained by a state that permits contributions to be made to the account on behalf of a disabled person. The income in the account is exempt from taxation. Prior to the Tax Act, the annual contribution to such an account was limited to the annual exclusion amount for gifts which in 2017 was $14,000. For tax years 2018 through 2025 the annual contribution amount to an ABLE account will be increased to an amount that is equal to the annual exclusion amount PLUS the lesser of the beneficiary's earned compensation or an amount equal to the poverty line for a one person household.	1/1/2026
71	11025	529; 529A	Prior to the Tax Act, a rollover from a 529 Plan to a 529A ABLE Account was not allowed. Under the Tax Act, a rollover may be made from a 529 Plan to a 529A ABLE Account if the rollover occurs after December 22, 2017 and before January 1, 2026 and the designated beneficiary of each account is the same person or a member of the designated beneficiary's family, and the rollover amount when combined with other contributions to the 529A ABLE account does not exceed the maximum amount that may be contributed to the 529A ABLE Account for the taxable year.	1/1/2026
160	11026	2; 112; 692; 2201; 3401; 4253; 6013;7508	Certain tax benefits have been granted to members of the Armed Services who are serving in a combat zone. Under the Tax Act, the benefits granted to members of the Armed Services in combat zones is extended to include members of the Armed Services in the Sinai Peninsula of Egypt. This change applies to the portion of the first tax year ending after June 9, 2015 and before January 1, 2026.	1/1/2026

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99	11027	213	Prior to the Tax Act, a TP was entitled to a deduction for those medical expenses paid during the taxable year that exceeded 10% of the TP's adjusted gross income. **For tax years 2017 and 2018**, all TPs who itemize may deduct medical expenses that are not reimbursed by insurance provided the expenses exceed 7.5% of the TP's adjusted gross income. After 2019, the medical expense deduction will return to the pre Tax Act limits.	1/1/2019
163	11028	72(t); 165; 401-403; 408; 457; 3405	The provisions relating to qualified retirement plans, IRAs, and 457(b) Plans are temporarily amended to allow distributions to participants/owners whose principal place of abode is in a 2016 Presidential Declared Disaster Area. The participant/owner must have sustained economic loss as a result of the disaster. The maximum amount that may be withdrawn is $100,0000. This amendment applies to amounts withdrawn after January 1, 2016 and before January 1, 2018. The amount included in income is to be ratably spread over 3 years.	1/1/2018
			Part IV - Education	
64	11031	108(f)(5) (New)	As a general rule, the discharge of indebtedness may result in taxable income for the TP whose debt is being discharged. There are exceptions to the general rule. The Tax Act adds a new exception to the general rule. The new exception provides that gross income will not include certain student loan indebtedness that is forgiven as a result of the death or total disability of the student. This applies to loans that are discharged after December 31, 2017 and before January 1, 2026.	1/1/2026

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60	11032	529; 530	Prior to the new Tax Act, TPs were allowed to make contributions to 529 Plans that were established to pay for education at colleges and universities. Earnings on the contributions are not subject to income tax if the distributions are made for qualified education expenses. The Tax Act amended Section 529 to provide for distributions of up to $10,000 per student per taxable year at a public, private, or religious elementary or secondary school. Distributions may also be made for certain expenses incurred in connection with a home school. Amounts distributed in excess of $10,000 per student per taxable year for elementary or secondary education are subject to a penalty. The amendment applies to distributions made after December 31, 2017.	Permanent
			Part V - Deductions and Exclusions	
15	11041	151	Prior to the Tax Act, TPs were entitled to claim personal exemptions for themselves, spouses, and dependents. The Tax Act suspends the personal exemptions for tax years 2018 through 2025. The IRS has issued Notice 1036 which provides the percentage withholding tables for 2018, taking into account the changes made under the Tax Act.	1/1/2026
78	11042	164	Prior to the Tax Act, individuals who itemized deductions were entitled to deduct all the property taxes and state and local income taxes (or sales tax in lieu of state and local income tax). Under the Tax Act, for tax years 2018 through 2025, TPs who are individuals are only entitled to deduct up to a total of $10,000 for a combination of state and local income (or sales tax) and property tax. This limitation does not apply to taxes incurred in Schedule C or E activities.	1/1/2026

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76	11043	163(h)	Prior to the Tax Act, a TP was entitled to deduct interest on acquisition indebtedness incurred in the purchase of a primary residence or a second home. The deduction was limited to interest on indebtedness that did not exceed $1,000,000. Additionally, a TP could deduct interest on a home equity loan, but the deduction was limited to interest on indebtedness that did not exceed $100,000. Under the Tax Act, a TP may only deduct interest on acquisition indebtedness incurred after December 31, 2017 that does not exceed indebtedness of $750,000. A TP will still be able to deduct interest on acquisition indebtedness on $1,000,000 if incurred before January 1, 2018, as well as some acquisition indebtedness on closings that occur before April 1, 2018. For tax years 2018 through 2025, no deduction is allowed for interest paid on home equity loans. For refinanced loans, the date of the original loan will govern the amount of interest that is deductible, provided the refinanced debt does not exceed the amount of the debt owed prior to the refinancing.	Permanent for the limitation of $750,000 on acquisition indebtedness. 1/1/2026 for the nondeductibility of interest on home equity loans.
81	11044	165	Prior to the Tax Act, a TP who was an individual and who itemized was entitled to a deduction for casualty and theft losses to the extent such losses exceeded 10% of the TP's adjusted gross income. Under the Tax Act, for tax years 2018 through 2025, an individual TP who itemizes may not claim a deduction for casualty and theft losses except those attributable to a Presidential Declared Disaster.	1/1/2026
95	11045	62; 67; 212	Prior to the Tax Act, a TP who was an individual was entitled to deduct that portion of the TP's miscellaneous expenses that exceeded 2% of the TP's adjusted gross income. Miscellaneous expenses included unreimbursed employee business expenses, safety deposit box, investment fees, etc. Individuals may not deduct any miscellaneous expenses incurred in tax years 2018 through 2025.	1/1/2026

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74	11046	68	Prior to the Tax Act, an individual whose adjusted gross income exceeded a certain amount, $261,500 for a single TP and $313,800 for a married TP filing jointly in 2017, had to reduce the amount of the itemized deductions by 3% of the difference between the TP's adjusted gross income and the threshold amount. The reduction, though, could not reduce the amount of the itemized deduction below 80%. For tax years 2018 through 2025, this limitation on the amount of itemized deductions that may be claimed will not apply.	1/1/2026
106	11047	132(f)	Prior to the Tax Act, an employer was able to exclude from an employee's income qualified bicycle commuting reimbursements paid to the employee that did not exceed $20 per month. Qualified expenses included the purchase of a bike, repairs and storage. For tax years 2018 through 2025, if an employer pays an employee a qualified bicycle commuting reimbursement, the payment must be included in the employee's wages.	1/1/2026
110	11048	132(g)	Prior to the Tax Act, an employee did not have to report in income qualifying moving expenses paid by the employer. For tax years 2018 through 2025, an employee's wages will include employer provided qualified moving expenses paid by the employer. Qualified moving expenses paid to Armed Services personnel will still be excluded from income for Armed Services personnel.	1/1/2026

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101	11049	217	Prior to the Tax Act, if an employee incurred moving expenses for relocating to a new job, and the employer did not reimburse the moving expenses, the employee could take an above the line deduction for the moving expenses paid by the employee. For tax years 2018 through 2025, an individual TP may not deduct unreimbursed moving expenses that are paid to relocate to a new job. Armed Services personnel may still take an above the line deduction for unreimbursed moving expenses incurred in relocating to a new assignment.	1/1/2026
82	11050	165(d)	A TP is entitled to deduct losses incurred in gambling up to the amount of the TP's gambling gains for the tax year. The Tax Act clarifies that for tax years 2018 through 2025, the deduction for gambling losses AND costs incurred in gambling such as travel are limited to gambling gains.	1/1/2026
100	11051	61; 71; 215	Prior to the Tax Act, alimony paid pursuant to a divorce was deductible by the payor spouse and included in the income of the payee spouse. For divorce or separation agreements executed after **December 31, 2018** and for divorce and separation agreements executed before December 31,2018, if modified after December 31, 2018, if the modification provides that the amendment is applicable, alimony is not deductible by the payor spouse and is not included in the income of the payee spouse.	Permanent

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			Part VI- Increase in Estate and Gift Tax Exemption	
134	11061	2010	Section 2010(c)(3) provides in essence that a person may during lifetime or at death or a combination of both give away a certain amount of property before having to pay the estate or gift tax. In 2017 that amount was $5,490,000. The Tax Act increased the basic exclusion amount under 2010(c)(3) to $10,000,000 indexed for inflation starting 2011. The increased exclusion amount applies to gifts, and the estates of decedents, and generation skipping transfers made after December 31, 2017 and before January 1, 2026. For 2018 the exclusion amount is $11,180,000.	1/1/2026
			Part VII - Extension of Time for Contesting IRS Liability	
159	11071	6343 and 6532	Under prior law, a person was given 9 months within which to bring an action against the U.S. for a wrongful levy of property to satisfy a tax payment. The Tax Act extends the period during which such an action may be commenced from 9 months to 2 years.	Permanent

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			Part VIII - Individual Mandate	
153	11081	5000A	Under current law, a penalty is imposed on individuals who do not maintain a certain level of health insurance. The penalty is an amount that is equal to 2.5% times the excess of the individual's household income over the individual's standard deduction and personal exemption amount. The penalty is based on a monthly basis. For months starting after **December 31, 2018, t**he penalty amount is reduced to 0% times the excess of the individual's household income over the individual's standard deduction and personal exemption amount, or $0.	Permanent
			SUBTITLE B - Alternative Minimum Tax	
145	12001	53; 55-59	Under prior law, corporations were subject to an alternative minimum tax. For tax years starting after December 31, 2017, the alternative minimum tax for corporations is repealed.	Permanent
145	12002	53	Under prior law, a corporation was entitled to a credit for alternative minimum taxes paid in prior years, if in the current tax year the corporation's regular tax liability exceeded the corporation's tentative minimum tax for the year. The amount of the credit was limited to the excess of the regular tax for the current year over the tentative minimum tax for the current year. The Tax Act provides that for tax years 2018 through 2022, corporations are entitled to a credit of their unused minimum tax credit against their regular tax.	Permanent

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145	12003	55(d)	Under prior law, the exemption amounts for purposes of calculating the alternative minimum taxes for individuals was $78,500 for married TPs filing a joint return and $50,600 for TPs who are single. Also under prior law, the exemption amount from the AMT tax was reduced for TPs who were married and filing joint returns, if their AMT taxable income exceeded $150,000, and the exemption amount was phased out for single TPS whose AMT taxable income exceeded $112,500. Under the Tax Act, the exemption amount for the AMT is increased to $109,400 for married TPS filing joint returns and $70,300 for single TPs. The threshold for phasing out the exemption amount is increased to $1,000,000 for married TPs and $500,000 for all other TPS. This applies for tax years beginning after December 31, 2017 and before January 1, 2026.	1/1/2026
			SUBTITLE C - Business-Related Provisions **Part I - Corporate Provisions**	
174	13001	11; 201	Under prior law, there were 4 marginal tax brackets for corporations, 15%, 25%, 34%, and 35% for corporations that had taxable income in excess of $10,000,000. Additionally, if a corporation's taxable income exceeded $15,000,000 an additional tax equal to the lesser of $100,000 or 3% of the taxable income over $15,000,000 was imposed. Under prior law, if a corporation's tax rate exceeded 35%, then the tax on the capital gains was reduced to a rate of 35%. The Tax Act has only one tax bracket for corporations which is 21%. The Tax Act also repeals Section 1201 which provided for the alternative tax for corporate capital gains as it has become obsolete. The new tax rate is effective for tax years starting after December 31, 2017.	Permanent

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174	13002	243; 245	Under prior law, a corporation was entitled to a deduction of 70% of the dividends it received from a domestic corporation. The deduction amount was increased to 80%, if the corporation receiving the dividend owned at least 20% of the corporation paying the dividend, and to 100% if the dividend was paid by a member of the affiliated group to which the corporation belonged. Under the Tax Act, the deduction for corporate dividends received is reduced to 50%, and if the corporation receiving the divided owns at least 20% of the corporation paying the dividend, the deduction is reduced to 65%. The 100% deduction for dividends received from members in the same affiliated group is not changed. This amendment applies to tax years starting after December 31, 2017.	Permanent
			Part II - Small Business Reforms	
212	13101	179	Under prior law, a TP was allowed to expense up to $500,000 of qualifying property. Also under prior law, there was a phase-out of the amount that could be expensed if the cost of the qualifying property placed in service during the year exceeded $2,000,000. The Tax Act provides that the cost of qualifying property purchased by a TP during a taxable year that may be expensed in the taxable year it is placed in service is increased to $1,000,000. There is a phase-out of the amount that may be deducted if the cost of qualifying property placed in service during the year exceeds $2,500,000. The definition of qualifying property is expanded to include certain improvements to real property and qualified leasehold improvements. The $1,000,000 and the $2,500,000 and the $25,000 for a sport utility vehicle is indexed for tax years beginning after 2018. This amendment applies to property placed in service in tax years beginning after December 31, 2017.	Permanent

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215	13102	448(c)	Under prior law, a C corporation, or a partnership that had a C corporation as a partner, had to use the accrual method of accounting, if its average gross receipts exceeded $5,000,000. The Tax Act provides that C corporations, and partnerships that have C corporations as partners, may use the cash method of accounting provided their average annual gross receipts for the prior 3 year period did not exceed $25,000,000. The $25,000,000 amount is to be indexed. The exception to the requirement of using the accrual method of accounting is retained for personal service corporations. This amendment applies to tax years beginning after December 31, 2017.	Permanent

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			Part III - Cost Recovery and Accounting Methods	
			Subpart A - Cost Recovery	
179	13201	168(k)	Under prior law, first year bonus depreciation was allowed for qualified property placed in service prior to 2020 and for longer production period property placed in service before 2021. The bonus depreciation generally was to be 50% for property placed in service in 2017; 40% for property placed in service in 2018, and 30% for property placed in service in 2019. The Tax Act extends and increases first year bonus depreciation for property placed in service after **September 28, 2017**. For qualified property and longer production property, bonus depreciation is increased to 100% for property placed in service after September 27, 2017 and before January 1, 2023. For qualified property placed in service in 2023 the bonus depreciation is 80% and for longer production period property it is 100%. For qualified property placed in service in 2024, bonus depreciation is 60% and for longer production property it is 80%. For qualified property placed in service in 2025 bonus depreciation is 40% and for longer production property it is 60%. For qualified property placed in service in 2026 bonus depreciation is 20% and for longer production property it is 40%. For qualified property placed in service in 2027 there is no bonus depreciation. For longer production property placed in service in 2027 the bonus depreciation is 20%. In 2028 there is no bonus depreciation for either qualified property or longer production property. Also, the Tax Act repeals the requirement that in order to be entitled to bonus depreciation the original use of the property had to have started with the TP.	No bonus depreciation allowed for qualified property placed in service after 12/31/2026 and for longer production property placed in service after 12/31/2027

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193	13202	280F	Under prior law, for luxury cars placed in service the maximum depreciation for year 1 was $3,160; the maximum depreciation for year 2 was $5,100; the maximum depreciation for year 3 was $3,050; and the maximum depreciation for year 4 and later years was $1,875. The Tax Act increases the amount that may be deducted as depreciation for luxury automobiles. For luxury automobiles placed in service after December 31, 2017, the depreciation deduction limits are increased to $10,000 for year 1; $16,000 for year 2; $9,600 for year 3; and $5,760 for year 4. Additionally, if after year 4 there is still unrecovered basis, the remaining basis may be expensed up to $5,760 per year. These amounts are indexed for property placed in service after 2018. Also computers are deleted from the definition of listed property.	Permanent
195	13203	168(e); 168(b)(2)	Under the prior law, most farm machinery had a 7 year recovery period. The Tax Act reduces the recovery property for most farm machinery or equipment from 7 to 5 years for property placed in service after December 31, 2017. The Tax Act also eliminates the requirement that the 150% declining balance method must be used for farm property that has a life of 10 years or less.	Permanent

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199	13204	168(e); 168(g)	Under the prior law, qualified leasehold improvement property, qualified restaurant property, and qualified retail improvement property were separately addressed for depreciation purposes. The Tax Act now treats qualified leasehold property, qualified restaurant property and qualified retail improvement property as Qualified Improvement Property. The Alternative Depreciation System is amended to include Qualified Improvement Property that is held by an electing real property trade or business (163(j)(7). The recovery periods for certain property under the Alternative Depreciation System is also reduced. These amendments apply to property placed in service after December 31, 2017.	Permanent
205	13205	168(g)(1)(F) (New)	Section 168(g) provides that certain property must use the Alternative Depreciation System for depreciating property. The Tax Act provides that any property with a recovery period of 10 years or more and that is held by an electing farming business shall use the Alternative Depreciation System. An electing farming business is a farming business that elects out of the limitation on the deduction for interest. This new provisions applies to tax years beginning after December 31, 2017.	Permanent

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269	13206	174	Under prior law, TPs could elect to deduct currently the amount of certain reasonable research or experimentation expenditures paid or incurred in connection with a trade or business. The Tax Act provided that for research and experimental expenditures incurred **after December 31, 2022**, TPs will no longer be able to treat such expense as a current expense. Rather the costs must be amortized over a 5 year period (15 years for experimental expenditures attributable to foreign research). Additionally, if any property with respect to which research and experimental expenditures are paid is abandoned during the amortization period, no deduction shall be allowed on account of the abandonment or retirement of the asset, rather the amortization deduction shall continue with respect to the expenditure.	Permanent
209	13207	263A(d)	Under prior law, certain direct and indirect costs allocable to the production of any property in a farming business were required to be capitalized or added to the cost of inventory. The Tax Act exempts from the requirement certain costs incurred in the replanting of citrus plants lost or damaged due to casualty. This amendment applies to costs incurred after December 22, 2017 and before December 22, 2027.	12/22/2027

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			Subpart B - Accounting Methods	
272	13221	451	A TP who uses the accrual method of accounting must include an item in income when all the events have occurred that fix the right to receive such income ("the all events test"). The Tax Act clarifies that a TP who uses the accrual method of accounting and who is subject to the all events test must recognize an item of gross income in income no later than the taxable year in which such item of income is taken into account as revenue in an applicable financial statement. Applicable financial statements include a 10-K , and an audited financial statement used for credit purposes or for reporting to shareholders or partners or for any other nontax reason. Additionally, the Tax Act provides that a TP using the accrual method of accounting may elect to include in gross income only that portion of an "advance payment" that is required to be reported on the TP's applicable financial statements and include the remaining portions in future years. An "advance payment" is a payment received in exchange for goods or services, but does not include rents, insurance premiums, and payments made on account of financial instruments. The amendments apply to tax years beginning after December 31, 2017. As to OID income, the amendments apply to tax years beginning after December 31, 2018.	Permanent

Joint Explanatory Statement of the Committee of Conference Page #	P.L. 115-97 Section	Internal Revenue Code Section	Provision	Expiration
			Part IV - Business-Related Exclusions and Deductions	
226	13301	163(j)	Under prior law, a TP who was engaged in a trade or business was allowed to deduct all the interest paid or accrued in connection with the trade or business. The Tax Act provides that the amount that a TP may deduct for business interest is limited. The amount of business interest that may be deducted shall not exceed an amount that is equal to the sum of (i) the business interest income of the TP for the taxable year, plus (ii) 30% of the adjusted taxable income of the TP for the taxable year; plus (iii) the floor financing interest of the TP for the taxable year. Any disallowed business interest may be carried forward. Businesses who have average gross receipts of not more than $25,000,000 during the prior three year period are not subject to the limitation. Additionally, the limitation does not apply to any electing real property trade or business or electing farming business. The amendment applies to tax years beginning after December 31, 2017.	Permanent
234	13302	172	Under prior law, NOLS were allowed to be carried back 2 years as well as carried forward. Additionally, NOLs were allowed to offset all of the taxable income for the taxable year to which the NOL was carried. Under the Tax Act, the amount of the NOL deduction for the taxable year is limited to the lesser of (i) the NOL carryovers to such year plus the NOL carrybacks to such year; or (ii) 80% of the TP's taxable income computed without the NOL for the taxable year. As a general rule, NOL carrybacks are repealed. A 2 year carryback is permitted for farming losses and for insurance companies other than life insurance companies. The amendment applies to NOLSs incurred in tax years beginning after December 31, 2017.	Permanent

Joint Explanatory Statement of the Committee of Conference Page #	P.L. 115-97 Section	Internal Revenue Code Section	Provision	Expiration
236	13303	1031	Under prior law, the nonrecognition of gain or loss applied to like kind exchanges of any property held for productive use in a trade or business or investment. The Tax Act provides that the non-recognition treatment of gain or loss under Section 1031 for the exchange of property held for productive use in a trade or business or for investment is limited to exchanges of real property only, excluding real property that is held for sale. This amendment applies to exchanges completed after December 31, 2017. There is a transition rule if the property disposed of by the TP in the exchange is disposed of on or before December 31, 2017 or if the property received by the TP in the exchange is received on or before December 31, 2017.	Permanent

Joint Explanatory Statement of the Committee of Conference Page #	P.L. 115-97 Section	Internal Revenue Code Section	Provision	Expiration
246	13304	274	Under prior law, no deduction was allowed with respect to an activity generally considered to be entertainment, amusement or recreation unless the TP established that the activity was directly related to or associated with the active conduct of the TP's trade or business. Also, as a general rule, expenses related to food and beverages were limited to 50% of the amount of the expense. The Tax Act provides that as a general rule no deduction is allowed for entertaining, amusement and recreation. Additionally, no deduction is allowed for any qualified transportation fringe benefit given to employees, with the exception for expenses incurred for ensuring the safety of the employee. Also, no deduction shall be allowed for operating an eating facility for the benefit of employees and any expense for meals associated with said facility or meals provided for the convenience of the employer. As a general rule no deduction is allowed for amounts incurred or paid after December 31, 2017. The effective date for disallowing the deduction for meals provided for the convenience of the employer is amounts paid or incurred after December 31, 2025. The effective date for the disallowance of the deduction for qualified bicycle commuting reimbursement is January 1, 2026. The exception to the limitation on the deductibility of food that is provided as part of recreational or social activities that are primarily for the benefit of non-highly compensated employees is retained.	Permanent

Joint Explanatory Statement of the Committee of Conference Page #	P.L. 115-97 Section	Internal Revenue Code Section	Provision	Expiration
244	13305	199	Section 199 is repealed. Section 199 provided a deduction equal to 9% of the lesser of the qualified production activities income of the TP or the taxable income of the TP. Qualified production income was income from the lease, sale, rental, license, exchange or other disposition of property that was manufactured, produced, grown or extracted by the TP in the U.S., any film produced by the TP in the U.S.; or electricity, natural gas, or potable water produced by the TP in the U.S. The repeal is effective for tax years beginning after December 31, 2017.	Permanent
277	13306	162(f)	Section 162(f) provides that no deduction shall be allowed for fines or penalties to a government for the violation of any law. The Tax Act expands the non-deductibility for fines and penalties to any amount paid or incurred to or at the direction of a government or governmental entity in violation of any law or the investigation or inquiry by such government or entity into the potential violation of any law. Excepted are payments made for restitution including remediation of property to come into compliance with the law. This amendment applies to amounts paid or incurred after December 22, 2017.	Permanent
279	13307	162(q) (New)	No deduction is allowed for any settlement or payment related to sexual harassment or sexual abuse, if such settlement or payment is subject to a nondisclosure agreement. Also, no deduction is allowed for attorney's fees related to such a settlement payment. This new section is effective for amounts paid or incurred after December 22, 2017.	Permanent

Joint Explanatory Statement of the Committee of Conference Page #	P.L. 115-97 Section	Internal Revenue Code Section	Provision	Expiration
242	13308	162(e)(2)	The deduction for expenses incurred in lobbying any local council is repealed. The Tax Act clarifies that the term "local council" includes Native American governments. This amendment is effective for expenses incurred after December 22, 2017.	Permanent
262	13309	1061 (New)	This new provision addresses the taxation of carried interest. This provision provides that if a TP receives a profits interest in a partnership in exchange for the performance of services in any applicable trade or business, and the taxpayer has a net long term capital gain with respect to that partnership interest, the net long term capital gain shall be treated as short term capital gain, if the partnership profits interest was not held for at least 3 years. An applicable trade or business is a business engaged in raising or returning capital or investing in or developing specified assets. Specified assets are generally securities, commodities, real estate, options, and derivatives. A transfer of the profits interest to a related party will result in short term capital gain if the transfer occurs within 3 years. This new section is effective for tax years beginning after December 31, 2017.	Permanent
251	13310	274(j)(3) (New)	As a general rule, no deduction is allowed for employee achievement awards unless the requirements of Section 274(j) are satisfied. A new provision is added to Section 274(j) to clarify that the term "tangible personal property" does not include cash, cash equivalents, gift cards, gift coupons, gift certificates (unless the gift certificate limits the right to select an item of tangible personal property from an array of items preselected by the employer), vacations, meals, lodging, tickets to theater or sporting events, stocks, bonds, or other securities. This new section is effective for amounts paid or incurred after December 31, 2017.	Permanent

Joint Explanatory Statement of the Committee of Conference Page #	P.L. 115-97 Section	Internal Revenue Code Section	Provision	Expiration
	13311	162(a)	Under prior law, Section 162(a) provided that members of Congress were allowed to deduct their first $3,000 of living expenses while away from their tax homes. The tax home for a member of Congress is that person's home state. The Tax Act eliminated as a deduction the first $3,000 of living expenses for members of Congress. This amendment is effective for tax years beginning after December 22, 2017.	Permanent
229	13312	118	Section 118 provides the general rule that contributions to the capital of a corporation are not included in the gross income of the corporation. Section 118(b) provides that contributions in aid of construction and contributions made as a customer or potential customer are not contributions to capital. The Tax Act amends Section 118(b) by also providing that a contribution to a corporation by any governmental entity or civic group does not qualify as a contribution to capital that is not included in the corporation's gross income. This amendment is effective for contributions made after December 22, 2017.	Permanent
258	13313	1044	Section 1044 provided for the non-recognition of gain from the sale of any publicly traded security, if the proceeds were used to purchase stock or a partnership interest in a small business investment company. This section is repealed. The repeal applies to sales made after December 31, 2017.	Permanent
258	13314	1221(a)(3)	The term "capital asset" is defined in Section 1221. The Tax Act amends Section 1221(a)(3) to provide that the term capital asset does not include a patent, invention, model, design, or a secret formula held by a TP whose personal efforts created the property. This amendment applies to dispositions of property made after December 31, 2017.	Permanent

Joint Explanatory Statement of the Committee of Conference Page #	P.L. 115-97 Section	Internal Revenue Code Section	Provision	Expiration
			Part V - Business Credits	
282	13401	45(C)	Section 45C provides a credit for qualified clinical testing expenses. The Tax Act reduces the credit for qualified clinical testing expenses incurred in testing certain drugs for rare diseases ("orphan drugs"). The credit is reduced from 50% of the qualified clinical testing expenses incurred during the taxable year to 25%. This amendment is effective for tax years beginning after December 31, 2017.	Permanent
284	13402	47	Section 47 provides a credit for "qualified rehabilitation expenditures." The Tax Act retains the 20% credit for qualified rehabilitation expenditures with respect to any "certified historic structure," but the 10% credit for qualified rehabilitation expenditures with respect to any qualified rehabilitated building other than a certified historic structure (i.e. a building placed in service before 1936 but is not a certified historic structure) is repealed. This amendment is generally applicable to expenditures paid or incurred after December 31, 2017.	Permanent
293	13403	45S (New)	Employers may claim a credit for a percentage of wages paid to an employee who is on family medical leave. The maximum family medical leave that may be taken into account for the credit is 12 weeks. The credit applies to wages paid in 2018 and 2019.	1/1/2020
311	13404	54; 54A; 54B; 54C; 54D; 54E; 54F	The credits provided for Build America Bonds; Qualified School Construction Bonds; Qualified Zone Academy Bonds; Qualified Energy Conservation Bonds; New Clean Renewable Energy Bonds; Qualified Forestry Conservation Bonds; and Qualified Credit Bonds are repealed. The repeal of the credit applies to bonds issued after December 31, 2017.	Permanent

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			Part VI - Provisions Related to Specific Entities and Industries **Subpart A - Partnership Provisions**	
366	13501	864(c)(8) (New) and 1446	Section 864(c) provides rules for determining what income, gain, or loss of a nonresident alien individual or a foreign corporation engaged in a trade or business in the U. S. is effectively connected with a trade or business in the U.S. A new paragraph is added to provide that the gain or loss on a sale or exchange by a nonresident alien individual or a foreign corporation of a partnership interest in a partnership engaged in a trade or business in the U.S. shall be treated as effectively connected with the conduct of that trade or business in the U.S. If there is a gain, the transferee of the interest shall be required to withhold 10% of the amount realized. If the transferee fails to withhold, the partnership shall be responsible for withholding. This amendment applies to sales, exchanges or dispositions of partnership interests that occur after November 27, 2017. However, the withholding requirement is only effective for transactions occurring after December 31, 2017.	Permanent

Joint Explanatory Statement of the Committee of Conference Page #	P.L. 115-97 Section	Internal Revenue Code Section	Provision	Expiration
369	13502	743	Section 743(b) provides that the basis of partnership property shall be adjusted following a transfer of an interest in a partnership, if a Section 754 election is in effect, or if there is a substantial built-in loss immediately after such transfer. The current definition of substantial built-in loss is only applied at the partnership level and provides that there is a substantial built in loss if the partnership's basis in the property exceeds the fair market value of the property by more than $250,000. The amendment provides that there will also be a built-in loss if the transferee partner would be allocated a loss of more than $250,000, if the partnership assets were sold for cash equal to the fair market value of the property immediately after the transfer. The amendment applies to transfers of partnership interests after December 31, 2017.	Permanent
371	13503	704(d)	Section 704(d) provides that a partner's distributive share of partnership loss shall only be allowed to the extent of the partner's adjusted basis in his partnership interest at the end of the partnership year in which the loss occurred. The calculation of the partnership's taxable income does not include foreign taxes paid and charitable contributions made by the partnership. The amendment provides that in calculating the loss, the partner's distributive share of foreign taxes paid and charitable contributions made by the partnership shall be taken into account. However, if the fair market value of the property contributed to the charity exceeds the partnership's basis in the property, then the partner's share of the excess shall not be taken into account. The amendment applies to partnership years beginning after December 31, 2017.	Permanent

Joint Explanatory Statement of the Committee of Conference Page #	P.L. 115-97 Section	Internal Revenue Code Section	Provision	Expiration
261	13504	708(d)	Section 708(d) provides for a technical termination of a partnership, if during a 12 month period there is a sale or exchange of 50% or more of the total interest in partnership capital and profits. The technical termination of a partnership is repealed for partnership taxable years beginning after December 31, 2017.	Permanent
			Subpart B - Insurance Reform	
	13511-13523		Applies to Insurance Companies - Not reviewed	
			Subpart C - Banks and Financial Instruments	
	13531-1352		Applies to Banks and Financial Instruments - Not reviewed	
			Subpart D-S Corporations	
375	13541	1361(c)(2)(B)	As a general rule, a nonresident alien may not be a shareholder of an S corporation. Section 1361(c)(2)(B)(v) is amended. The effect of the amendment is that a nonresident alien may be a beneficiary of an ESBT and the ESBT will still qualify as an eligible shareholder of an S corporation. The effective date of this amendment is January 1, 2018.	Permanent
376	13542	641(c)(2)(E) (New)	Charitable contributions made by S corporations are separately stated and taken by the shareholder. An ESBT, as a trust, is subject to the normal rules relating to charitable contribution deductions for trusts. Section 641(c)(2) is amended to provide that as to an ESBT, the normal limitation on charitable contributions by trusts does not apply, and the ESBT shall be treated as an individual. This amendment is effective for taxable years beginning after December 31, 2017.	Permanent

Joint Explanatory Statement of the Committee of Conference Page #	P.L. 115-97 Section	Internal Revenue Code Section	Provision	Expiration
222	13543	481(d) and 1371(f) (New)	These new code provisions apply if an eligible S corporation terminates its S election by December 22, 2019. An eligible S corporation is a corporation that was an S corporation on December 21, 2017 and the S corporation has the same shareholders on December 21, 2017 as on the date the S election is revoked. The new code provisions provide that any adjustments that have to be taken into account under Section 481(a) may be taken into account ratably over a six year period. Also, for distributions of cash from the corporation to shareholders after the post-termination transition period (the post termination transition period generally being the 1 year anniversary of the termination date) the accumulated adjustments account shall be allocated to such distributions, and the distribution shall be chargeable to accumulated earnings and profits in the same ratio as the amount of such accumulated adjustments account bears to the amount of such accumulated earnings and profits. The effective date of this amendment is December 22, 2017.	Permanent

Joint Explanatory Statement of the Committee of Conference Page #	P.L. 115-97 Section	Internal Revenue Code Section	Provision	Expiration
			Part VII - Employment **Subpart A - Compensation**	
341	13601	162(m)	Section 162(m) provides that in the case of any publicly held corporation, no deduction shall be allowed for applicable employee remuneration with respect to a covered employee to the extent the remuneration with respect to the employee for the tax year exceeds $1,000,000. The definition of "covered employee" is amended to include the principal executive officer and the principal financial officer and only the 3 as opposed to the 4 highest compensated employees in addition to the principal financial officer and principal executive officer. The term "applicable employee remuneration" is modified by deleting the exclusion of performance based compensation and commissions from the definition of "applicable employee remuneration." Also, if the remuneration is paid to a beneficiary as opposed to the employee, the limitations under Section 162(m) still applies. These amendments apply to tax years beginning after December 31, 2017. There is a transition rule, though, for compensation paid pursuant to a binding contract in effect on November 2, 2017.	Permanent

Joint Explanatory Statement of the Committee of Conference Page #	P.L. 115-97 Section	Internal Revenue Code Section	Provision	Expiration
346	13602	4960 (New)	Section 4960 is new and imposes an excise tax on excess compensation paid by a tax-exempt organization to a covered employee. For purposes of Section 4960, excess compensation is compensation in excess of $1,000,000 plus any excess parachute payment paid to any covered employee. This section applies to any organization exempt from taxation under Section 501(a); a farmer's cooperative; a governmental entity; or a political organization. A covered employee is any of the 5 highest compensated employees for the taxable year or any former employee who was one of the 5 highest compensated employees for any preceding taxable year starting after December 31, 2016. An excess parachute payment means a payment that exceeds 3 times the base amount. There is an exception for payments made to a licensed medical professional or veterinarian for the performance of medical or veterinary services. The excise tax is the corporate tax rate times the amount of the excess compensation. This new code section applies to tax years beginning after December 31, 2017.	Permanent

Joint Explanatory Statement of the Committee of Conference Page #	P.L. 115-97 Section	Internal Revenue Code Section	Provision	Expiration
349	13603	83(i) (New)	A new subsection is added to Section 83 that provides that a "qualified employee" may elect to defer to a later date the inclusion in income of "qualified stock" transferred to the "qualified employee" by an "eligible corporation." A "qualified employee" is an employee who is not and was not at any time during the previous 10 years a 1% owner of the employer and who has never been the chief executive officer, the chief financial officer, a family member of the chief executive or chief financial officer, or 1 of the 4 highest compensated officers of the corporation at any time during the past 10 years. An "eligible employer" is a non-publicly traded corporation that has a written plan under which no less than 80% of all employees who provide services in the U.S. are granted stock options or are granted restricted stock units with the same rights and privileges to receive qualified stock. The election to defer must be made no later than 30 days after the first date the rights of the employee in such stock are transferable or not subject to a substantial risk of forfeiture. The year of inclusion in income will occur on the first of the following to occur: (i) the date the qualified stock becomes transferable; (ii) the date the employee is no longer a qualified employee; (iii) the date the employer's stock becomes publicly traded; (iv) the date that is 5 years after the first date the rights of the employee in such stock are transferable or are not subject to a substantial risk of forfeiture; or (v) the date the employee revokes the election. The amount taken into income at the end of the deferral period will be based on the value of the stock at the time at which the rights of the employee first became transferrable or not subject to a substantial risk of forfeiture. An arrangement under which an employee may receive qualified stock shall not be treated as nonqualified deferred compensation under Section 409A. This new provisions applies to stock attributable to options exercised or restricted stock units settled after December 31, 2017.	Permanent

Joint Explanatory Statement of the Committee of Conference Page #	P.L. 115-97 Section	Internal Revenue Code Section	Provision	Expiration
359	13604	4985	The excise tax imposed on the value of stock compensation held by officers, directors and 10% owners of an expatriated corporation is increased from 15% to 20%. The excise tax is imposed if the shareholder recognizes gain by reason of the corporate inversion. The increase in the excise tax applies to corporations becoming expatriated after December 22, 2017.	Permanent
			Subpart B - Retirement Plans	
113	13611	408A(d)(6)(B)(iii) (New)	This new provision provides that rollover contributions from traditional IRAs, qualified plans, and 457 plans to a Roth IRA may not be recharacterized. Regular contributions to a Roth IRA and a Traditional IRA may still be recharacterized. This amendment applies to tax years beginning after December 31, 2017.	Permanent
132	13612	457(e)	Under prior law, Section 457(e)(11) provided that a plan providing length of service awards for bona fide volunteers on account of qualified services performed will not be treated as the deferral of compensation, provided that the amount of the award that accrues with respect to any year of service for any bona fide volunteer did not exceed $3,000. The Tax Act increases the $3,000 limit to $6,000 per year. Qualified services include fire prevention; emergency medical; and ambulance services. The $6,000 is to be indexed. This amendment applies to tax years beginning after December 31, 2017.	Permanent

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120	13613	402	Section 402(c) provides a 60 day rollover period for distributions from an eligible plan to another eligible plan. The Tax Act provides that the 60 day rollover period from a qualified plan to an eligible retirement plan for loan offsets that are the result of a plan participant not making a loan payment, as a result of the plan terminating, or the participant having a severance of service, is extended to the due date (including extensions) for the participant filing the income tax return for the tax year in which the loan offset occurs. This amendment applies to loan offset amounts that are treated as being distributed in tax years beginning after December 31, 2017.	Permanent
Part VIII - Exempt Organizations				
416	13701	4968 (New)	For tax years beginning after December 31, 2017, there is imposed on "applicable educational institutions" an excise tax that is equal to 1.4% of the institution's net investment income for the taxable year. The term applicable educational institution means a private college or university that had at least 500 students during the preceding taxable year, and more than 50% of the students were located in the United States, and the aggregate fair market value of the assets of which at the end of the preceding taxable year (other than those assets which are used directly in carrying out the institution's exempt purpose) is at least $500,000 per student at the institution.	Permanent
408	13702	512(a)(6) (New)	For tax years beginning after December 31, 2017, if a tax-exempt organization has more than one unrelated trade or business, the income/loss from each trade or business must be determined separately. The loss from one trade or business may not be used to offset the income from another trade or business. As to any NOL for years beginning before January 1, 2018 there is a transitional rule.	Permanent

Joint Explanatory Statement of the Committee of Conference Page #	P.L. 115-97 Section	Internal Revenue Code Section	Provision	Expiration
252	13703	512(a)(7) (New)	This new provision provides that a tax-exempt organization's unrelated business taxable income will be increased by that amount which is paid or incurred by the organization for any qualified transportation fringe benefit, any parking facility used in connection with qualified parking or any on-premises athletic facility. This new provision applies to payments paid or incurred after December 31, 2017.	Permanent
83	13704	170(l)	Section 170 provides for a charitable contribution deduction for contributions made to charitable organizations. For tax years beginning after December 31, 2017, no charitable deduction is allowed for amounts paid to universities and colleges for the right to buy tickets for seating at an athletic event in an athletic stadium at the educational institution.	Permanent
83	13705	170(f)(8)	Section 170(f)(8) requires that there be substantiation for charitable contributions of $250 or more. An exception to the substantiation requirement had existed if the donee organization was required to file a form listing the donation. For charitable contributions made in tax years beginning after **December 31, 2016**, the exception to the substantiation requirements for contributions for which the donee organization files a return reporting the contribution is repealed. Thus, the donor must substantiate the contribution, even if the donee organization also reports the contribution.	Permanent

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			Part IX - Other Provisions **Subpart A - Craft Beverage Modernization and Tax Reform**	
377	13801	263A(f)	As a general rule, the interest expense paid or incurred by the TP during the production period of a product must either be included in the cost of the inventory being produced or if attributable to other property capitalized. For interest paid in 2018 and 2019 for producers of beer, wine, and distilled spirits, the production period shall not include the aging periods for beer, wine and distilled spirits. Thus, the production period should be shorter, allowing the producers of beer, wine, and distilled spirits to deduct interest expenses attributable to a shorter production period.	1/1/2020
379	13802	5051(a)	Prior law imposed an excise tax of $18 per barrel on all beer brewed, produced, and removed for consumption or sale within the U.S. or imported into the U.S. Also, prior law provided that if a brewer did not produce more than 2,000,000 barrels during the calendar year, then the excise tax was reduced to $7 a barrel on the first 60,000 barrels. For beer removed for consumption or sale in 2018 and 2019, the excise tax is reduced to $16 a barrel on the first 6,000,000 barrels of beer. Additionally, if the brewer does not produce more than 2,000,000 barrels during the calendar year, the tax on the first 60,000 barrels will be reduced to $3.50 per barrel. A barrel has 31 gallons. Beer removed for consumption or sale on January 1, 2020 and thereafter will be subject to the excise tax in effect prior to January 1, 2018.	1/1/2020

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381	13803	5414	Section 5414 provides that the excise tax on beer shall not apply when the beer is removed from one brewery to another brewery owned by the same brewer. Prior to January 1, 2018, a corporate brewer is treated as the same as another corporate brewer, if one corporate brewer owned the controlling interest in the other corporate brewer, or the same person or persons owned the controlling interest in both corporate brewers. For 2018 and 2019, there also will be no excise tax owed on the removal of the beer from one brewer to an unrelated brewer if the transferor brewer divests itself of all interest in the beer and the transferee brewer accepts the liability for the payment of the tax. On January 1, 2020, the pre 2018 rules are back in effect.	1/1/2020
383	13804	5041(c)(8) (New)	Section 5041(a) imposes a tax on all wine produced or imported into the U.S. The tax is imposed at the time the wine is removed for sale or consumption. Section 5041(b) provides the tax rate that is imposed on each gallon of wine based on the alcohol content of the wine. On wines with no more than 14% alcohol the excise tax is $1.07 per gallon while on champagne the excise tax is $3.40 a gallon. Section 5041(c) provides a credit of 90 cents per gallon against the excise tax for small wine producers (producers of no more than 250,000 gallons of wine during the calendar year). The credit is phased out by 1% for each 1,000 gallons of wine in excess of 150,000. For calendar years 2018 and 2019, a credit is allowed for all wine producers and importers. The credit is $1 per wine gallon on the first 30,000 gallons of wine, 90 cents on the next 100,000 gallons of wine, and 53.5 cents on the next 620,000 gallons of wine. There is no phase out of the credit.	1/1/2020

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385	13805	5041(b)	Section 5041(b) provides the tax rates for the excise tax that is imposed under Section 5041(a) at the time the wine is removed for sale or consumption. Currently the excise tax for wines with lower alcohol content is $1.07 per wine gallon if the alcohol content does not exceed 14%, and $1.57 per gallon, if the alcohol content is greater than 14% but does not exceed 21%. For wine removed in 2018 and 2019, the excise tax will be $1.07 per gallon, if the alcohol content does not exceed 16%, and $1.57 a gallon if the alcohol content exceeds 16% but not 21%.	1/1/2020
387	13806	5041(h) (New)	Section 5041(h) provides that for 2018 and 2019 mead wine and certain low alcohol sparkling wines shall be taxed as wines that do not have more than 16% alcohol.	1/1/2020
389	13807	5001	An excise tax of $13.50 on each proof gallon is imposed on each distilled spirit produced or imported into the U.S. For tax years 2018 and 2019, a tiered tax is used. The tax shall be $2.70 on the first 100,000 proof gallons; $13.34 on the next 22,130,000 proof gallons; and $13.50 on all other proof gallons.	1/1/2020
390	13808	5212	Section 5212 provides that bulk distilled spirits on which the excise tax has not been paid may be transferred between bonded premises, provided the bulk distilled spirits are transferred in an approved container. For 2018 and 2019, the excise tax will not be owed on transfers between bonded premises in containers other than approved bulk containers as well as approved containers.	1/1/2020

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			Subpart B - Miscellaneous Provisions	
392	13821		Modification of Tax Treatment of Alaska Native Corporations and Alaska Native Claims Settlement Trusts - NOT REVIEWED	
395	13822	4261(e)(5) (New)	Amounts paid for aircraft management services - NOT REVIEWED	
398	13823	1400Z (New)	Subchapter Z - Opportunity Zones. Provides for the deferral of gain on investments in qualified opportunity zones (a population census tract that is a low-income community that is designated as a qualified opportunity zone) - NOT REVIEWED	
			SUBTITLE D - INTERNATIONAL TAX PROVISIONS	
			NOT REVIEWED	
			TITLE II	
			NOT REVIEWED - Pertains to the Oil and Gas Program in Alaska	