ROPES & GRAY

ALERT

Tax

December 4, 2017

Senate Passes Tax Reform Bill

On December 2, 2017, the Senate narrowly passed the Tax Cuts and Jobs Act, the Senate Republicans' version of tax reform legislation. With this vote, Congress is one step closer to sending a tax reform bill to the President for his signature. Prior to the vote, several amendments were included to secure the support of key Republican senators and to bring some provisions of the Senate bill closer to the version passed by the House of Representatives on November 16, 2017. A comparison of the most significant provisions of the House and Senate bills can be found here. Our previous coverage of the tax reform legislative process up to this point can be found here and here.

Some of the late changes to the Senate legislation include:

- Increasing the deduction for business income of sole proprietorships and pass-through entities from 17.4% to 23%;
- Phasing out capital expensing through 2028 (instead of ending it in 2022);
- Retaining the individual and corporate alternative minimum tax; and
- Permitting (as in the House version) individuals to deduct up to $10,000 in state and local property taxes.

The Senate will now work with the House to reconcile the two bills. Although the House and Senate versions contain many similar provisions, there are important differences that will need to be resolved before legislation can be enacted.

We will be following developments closely as the legislative process moves forward. Please contact the Tax Group with any questions you may have.