

## H6760 as reported compared to H6760 with amendments

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Omitted text is shown ~~stricken~~, new matter that is proposed is in underlined italics, and existing text in which no change is being proposed is shown in regular roman. Typesetting and stylistic characteristics, particularly in the headings and indentations, may not conform to how the text, if adopted, would be illustrated in subsequent versions of legislation or public law.

### Section 1. Short title, etc

(a) **SHORT TITLE.**— This Act may be cited as the "Protecting Family and Small Business Tax Cuts Act of 2018".

(b) **AMENDMENT OF 1986 CODE.**— Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) **REFERENCES TO THE TAX CUTS AND JOBS ACT.**— Title I of Public Law 115–97 may be cited as the "Tax Cuts and Jobs Act".

(d) **TABLE OF CONTENTS.**—

The table of contents of 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 Peninsula 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.

## Title I—Individual reform made permanent

### Subtitle A—Rate reform

**Sec. 101. Modification of rates**

(a) **MARRIED INDIVIDUALS FILING JOINT RETURNS AND SURVIVING SPOUSES.—**

Section 1(a) is amended by striking the table contained therein and inserting the following:

**“If taxable income is: The tax is:** Not over \$19,050 10% of taxable income. Over \$19,050 but not over \$77,400 \$1,905, plus 12% of the excess over \$19,050. Over \$77,400 but not over \$165,000 \$8,907, plus 22% of the excess over \$77,400. Over \$165,000 but not over \$315,000 \$28,179, plus 24% of the excess over \$165,000. 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.”

(b) **HEAD OF HOUSEHOLDS.—**

Section 1(b) is amended by striking the table contained therein and inserting the following:

<b>“If taxable income is:</b>	<b>The tax is:</b>
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.”

(c) **UNMARRIED INDIVIDUALS OTHER THAN SURVIVING SPOUSES AND HEADS OF HOUSEHOLD.—**

Section 1(c) is amended by striking the table contained therein and inserting the following:

<b>“If taxable income is:</b>	<b>The tax is:</b>
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.
Over \$500,000	\$150,689.50, plus 37% of the excess over \$500,000.”

(d) **MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—**

Section 1(d) is amended by striking the table contained therein and inserting the following:

<b>“If taxable income is:</b>	<b>The tax is:</b>
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.”

(e) **ESTATES AND TRUSTS.—**

Section 1(e) is amended by striking the table contained therein and inserting the following:

**“If taxable income is:**

Not over \$2,550  
 Over \$2,550 but not over \$9,150  
 Over \$9,150 but not over \$12,500  
 Over \$12,500

**The tax is:**

10% of taxable income.  
 \$255, plus 24% of the excess over \$2,550.  
 \$1,839, plus 35% of the excess over \$9,150.  
 \$3,011.50, plus 37% of the excess over \$12,500.”.

**(f) INFLATION ADJUSTMENTS.—** Section 1(f) is amended—

- (1) by striking "1993" in paragraph (1) and inserting "2018",  
 (2) by amending paragraph (2)(A) to read as follows:

"(A) by increasing the minimum and maximum dollar amounts for each bracket for which a tax is imposed under such table by the cost-of-living adjustment for such calendar year, determined under this subsection for such calendar year by substituting ‘2017’ for ‘2016’ in paragraph (3)(A)(ii),"

- (3) in paragraph (7)(B), by striking all that precedes "(other than with respect to" and inserting the following:

"(B) SPECIAL RULE.— In the case of a table prescribed in lieu of the table contained in subsection (b), (c), or (d), subparagraph (A)",

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

(5) in the heading, by striking "Phaseout of marriage penalty in 15-percent bracket; adjustments" and inserting "Adjustments".

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

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

"(g) SPECIAL RULES FOR CERTAIN CHILDREN WITH UNEARNED INCOME.—

"(1) IN GENERAL.— In the case of any child to whom this subsection applies—

"(A) MODIFICATIONS TO APPLICABLE RATE BRACKETS.— In determining the amount of tax imposed by this section for the taxable year on such child, the income tax table otherwise applicable under this section to such child shall be applied with the following modifications:

"(i) 24-PERCENT BRACKET.— The maximum taxable income which is taxed at a rate below 24 percent shall not be more than the sum of—

"(I) the earned taxable income of such child, plus

"(II) the minimum taxable income for the 24-percent bracket in the table under subsection (e) (as adjusted under subsection (f)) for the taxable year.

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

"(I) the earned taxable income of such child, plus

"(II) the minimum taxable income for the 35-percent bracket in the table under subsection (e) (as adjusted under subsection (f)) for the taxable year.

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

"(I) the earned taxable income of such child, plus

"(II) the minimum taxable income for the 37-percent bracket in the table under subsection (e) (as adjusted under subsection (f)) for the taxable year.

"(B) COORDINATION WITH CAPITAL GAINS RATES.— For purposes of applying section 1(h)—

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

"(I) the earned taxable income of such child, plus

"(II) the amount in effect under subsection (h)(13) for the taxable year, and

"(ii) the maximum 15-percent rate amount shall not be more than the sum of—

"(I) the earned taxable income of such child, plus

"(II) the amount in effect under subsection (h)(12)(D) for the taxable year.".

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

"(3) EARNED TAXABLE INCOME.— For purposes of this subsection, the term 'earned taxable income' means, with respect to any child for any taxable year, the taxable income of such child reduced (but not below zero) by the net unearned income of such child."

(3) CONFORMING AMENDMENT.— So much of paragraph (5) of section 1(g) as precedes subparagraph (A) thereof is amended to read as follows:

"(5) SPECIAL RULES FOR DETERMINING PARENT ELIGIBLE TO MAKE ELECTION.— For purposes of paragraph (7), the parent referred to in subparagraph (A)(iv) thereof is—"

(h) APPLICATION OF INCOME TAX BRACKETS TO CAPITAL GAINS BRACKETS.— Section 1(h) is amended—

(1) in paragraph (1)(B)(i), by striking "25 percent" and inserting "22 percent",

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

(3) by adding at the end the following new paragraphs:

"(12) MAXIMUM 15-PERCENT RATE AMOUNT DEFINED.— For purposes of this subsection, the maximum 15-percent rate amount shall be—

"(A) in the case of a joint return or surviving spouse (as defined in section 2(a)), \$479,000 (½ such amount in the case of a married individual filing a separate return),

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

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

"(D) in the case of an estate or trust, \$12,700.

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

"(14) INFLATION ADJUSTMENT.—

"(A) IN GENERAL.— In the case of any taxable year beginning after 2018, each of the dollar amounts in paragraphs (12) and (13) shall be increased by an amount equal to—

"(i) such dollar amount, multiplied by

"(ii) the cost-of-living adjustment determined under subsection (f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2017' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

"(B) ROUNDING.— If any increase under subparagraph (A) is not a multiple of \$50, such increase shall be rounded to the next lowest multiple of \$50."

(i) APPLICATION OF SECTION 15.—

(1) IN GENERAL.— Subsection (a) of section 15 is amended by striking "If any rate of tax" and inserting "In the case of a corporation, if any rate of tax".

(2) CONFORMING AMENDMENTS.—

(A) Section 15 is amended by striking subsections (d), (e), and (f).

(B) Section 6013(c) is amended by striking "sections 15, 443, and 7851(a)(1)(A)" and inserting "section 443".

(C) The heading of section 15 is amended by inserting "on corporations" after "Effect of changes".

(D) The table of sections for part III of subchapter A of chapter 1 is amended by striking the item relating to section 15 and inserting the following new item:

"Sec. 15. Effect of changes on corporations."

(j) CONFORMING AMENDMENTS.—

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

(2) Section 3402(q)(1) is amended by striking "third lowest" and inserting "fourth lowest".

(k) EFFECTIVE DATE.—

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

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

(A) section 1(j) of such Code (as in effect before its repeal by this section), or

(B) any amendment made by this Act.

## Subtitle B—Deduction for qualified business income of pass-thru entities

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

(a) IN GENERAL.— Section 199A is amended by striking subsection (i).

(b) EFFECTIVE DATE.— The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

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

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

(1) by amending subsection (l)(1) to read as follows:

"(1) LIMITATION.— In the case of a taxpayer other than a corporation, any excess business loss of the taxpayer for the taxable year shall not be allowed.", and

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

(b) CONFORMING AMENDMENTS.—

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

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

(3) Section 464(d)(2)(B)(iii) is amended by striking "section 461(k)(2)(E)" and inserting "section 461(j)(2)(E)".

(4) Subparagraphs (B) and (C) of section 1256(e)(3) are each amended by striking "section 461(k)(4)" and inserting "section 461(j)(4)".

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

## Subtitle C—Tax benefits for families and individuals

### Sec. 121. Increase in standard deduction

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

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

(2) by striking "\$3,000" in subparagraph (C) and inserting "\$12,000".

(b) INFLATION ADJUSTMENT.—

Section 63(c)(4) is amended to read as follows:

"(4) ADJUSTMENTS FOR INFLATION.—

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

"(i) such dollar amount, multiplied by

"(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting for '2016' in subparagraph (A)(ii) thereof—

"(I) in the case of the dollar amounts contained in paragraph (2)(B) or (2)(C), '2017',

"(II) in the case of the dollar amounts contained in paragraph (5)(A) or subsection (f), '1987', and

"(III) in the case of the dollar amount contained in paragraph (5)(B), '1997'.

"(B) ROUNDING.— If any increase under subparagraph (A) is not a multiple of \$50, such increase shall be rounded to the next lowest multiple of \$50."

(c) CONFORMING AMENDMENTS.—

(1) Section 1(f)(7)(A) is amended by striking "section 63(c)(4)."

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

(3) Section 63(c) is amended by striking paragraph (7).

(d) EFFECTIVE DATE.— The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

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

(a) IN GENERAL.—

Section 24 is amended by striking subsections (a), (b), and (c) and inserting the following new subsections:

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

"(1) \$2,000 for each qualifying child of the taxpayer, and

"(2) \$500 for each qualifying dependent (other than a qualifying child) of the taxpayer.

"(b) LIMITATION BASED ON ADJUSTED GROSS INCOME.— The amount of the credit allowable under subsection (a) shall be reduced (but not below zero) by \$50 for each \$1,000 (or fraction thereof) by which the taxpayer's modified adjusted gross income exceeds \$400,000 in the case of a joint return (\$200,000 in any other case). For purposes of the preceding sentence, the term "modified adjusted gross income" means adjusted gross income increased by any amount excluded from gross income under section 911, 931, or 933.

"(c) QUALIFYING CHILD; QUALIFYING DEPENDENT.— For purposes of this section—

"(1) QUALIFYING CHILD.— The term 'qualifying child' means any qualifying dependent of the taxpayer—

"(A) who is a qualifying child (as defined in section 7706(c)) of the taxpayer,

"(B) who has not attained age 17 at the close of the calendar year in which the taxable year of the taxpayer begins, and

"(C) whose name and social security number are included on the taxpayer's return of tax for the taxable year.

"(2) QUALIFYING DEPENDENT.— The term 'qualifying dependent' means any dependent of the taxpayer (as defined in section 7706 without regard to all that follows 'resident of the United States' in section 7706(b)(3) (A)) whose name and TIN are included on the taxpayer's return of tax for the taxable year.

"(3) SOCIAL SECURITY NUMBER DEFINED.— For purposes of this subsection, the term 'social security number' means, with respect to a return of tax, a social security number issued to an individual by the Social Security Administration, but only if the social security number is issued—

"(A) to a citizen of the United States or pursuant to subclause (I) (or that portion of subclause (III) that relates to subclause (I)) of section 205(c)(2)(B)(i) of the Social Security Act, and

"(B) on or before the due date of filing such return."

(b) PORTION OF CREDIT REFUNDABLE.—

(1) IN GENERAL.— Section 24(d)(1)(A) is amended to read as follows:

"(A) the credit which would be allowed under this section determined—

"(i) by substituting '\$1,400' for '\$2,000' in subsection (a)(1),

"(ii) without regard to subsection (a)(2), and

"(iii) without regard to this subsection and the limitation under section 26(a), or".

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

(3) **INFLATION ADJUSTMENT.**— Section 24(d) is amended by inserting after paragraph (3) the following new paragraph:

"(4) **ADJUSTMENT FOR INFLATION.**—

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

"(i) such dollar amount, multiplied by

"(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting '2017' for '2016' in subparagraph (A)(ii) thereof.

"(B) **ROUNDING.**— If any increase under subparagraph (A) is not a multiple of \$100, such increase shall be rounded to the next lowest multiple of \$100.

"(C) **LIMITATION.**— The amount of any increase under subparagraph (A) (after the application of subparagraph (B)) shall not exceed \$600."

(4) **CONFORMING AMENDMENTS.**—

(A) Section 24(e) is amended to read as follows:

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

(B) Section 24 is amended by striking subsection (h).

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

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

(a) **IN GENERAL.**—

Section 170(b)(1)(G) is amended to read as follows:

"(G) **CASH CONTRIBUTIONS.**—

"(i) **IN GENERAL.**— Any contribution of cash to an organization described in subparagraph (A) shall be allowed to the extent that the aggregate of such contributions does not exceed 60 percent of the taxpayer's contribution base for the taxable year, reduced by the aggregate amount of contributions allowable under subparagraph (A) for such taxpayer for such year.

"(ii) **CARRYOVER.**— If the aggregate amount of contributions described in clause (i) exceeds the limitation of clause (i), such excess shall be treated (in a manner consistent with the rules of subsection (d)(1)) as a charitable contribution to which clause (i) applies in each of the 5 succeeding years in order of time."

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

(1) **COORDINATION WITH 50 PERCENT LIMITATION.**— Section 170(b)(1)(A) is amended by striking "Any charitable contribution" and inserting "Any charitable contribution other than a contribution described in subparagraph (G)".

(2) **COORDINATION WITH 30 PERCENT LIMITATION.**— Section 170(b)(1)(B) is amended—

(A) in the matter preceding clause (i), by striking "to which subparagraph (A) applies" and inserting "to which subparagraph (A) or (G) applies",

(B) by amending clause (ii) to read as follows:

"(ii) the excess of—

"(I) the sum of 50 percent of the taxpayer's contribution base for the taxable year, plus so much of the amount of charitable contributions allowable under subparagraph (G) as does not exceed 10 percent of such contribution base, over

"(II) the amount of charitable contributions allowable under subparagraphs (A) and (G) (determined without regard to subparagraph (C)).", and

(C) in the matter following clause (ii), by striking "(to which subparagraph (A) does not apply)" and inserting "(to which neither subparagraph (A) nor (G) applies)".

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

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

(a) INCREASE IN LIMITATION FOR CONTRIBUTIONS FROM COMPENSATION OF INDIVIDUALS WITH DISABILITIES.— Section 529A(b)(2)(B)(ii) is amended by striking "before January 1, 2026".

(b) ALLOWANCE OF SAVER'S CREDIT FOR ABLE CONTRIBUTIONS BY ACCOUNT HOLDER.— Section 25B(d)(1)(D) is amended by striking "made before January 1, 2026".

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

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

(a) IN GENERAL.— Section 529(c)(3)(C)(i)(III) is amended by striking "before January 1, 2026".

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

**Sec. 126. Treatment of certain individuals performing services in the Sinai Peninsula of Egypt**

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

(1) by striking "means any area" and inserting means—

"(A) any area", and

(2) by striking the period at the end and inserting , and

"(B) the Sinai Peninsula of Egypt".

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

(1) by striking "only if performed" and inserting only if—

"(A) in the case of an area described in paragraph (2)(A), such service is performed", and

(2) by striking the period at the end and inserting , and

"(B) in the case of the area described in paragraph (2)(B), such service is performed during any period with respect to which one or more members of the Armed Forces of the United States are entitled to special pay under section 310 of title 37, United States Code (relating to special pay; duty subject to hostile fire or imminent danger), for service performed in such area."

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

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

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

(a) IN GENERAL.— Section 213(a) is amended by inserting "(7.5 percent in the case of any taxable year beginning after December 31, 2018, and ending before January 1, 2021)" after "10 percent".

(b) CONFORMING AMENDMENTS.—

(1) Section 56(b)(1) is amended by striking subparagraph (B) and by redesignating subparagraphs (C) through (F) as subparagraphs (B) through (E), respectively.

(2) Section 213 is amended by striking subsection (f).

(c) EFFECTIVE DATE.— The amendments made by this section shall apply to taxable years beginning after December 31, 2018.

## Subtitle D—Education



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

(a) IN GENERAL.— Section 108(f)(5) is amended by striking "after December 31, 2017, and before January 1, 2026".

(b) EFFECTIVE DATE.— The amendment made by this section shall apply to discharges of indebtedness after December 31, 2017.

**Subtitle E—Deductions and exclusions****Sec. 141. Repeal of deduction for personal exemptions**

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

(b) DEFINITION OF DEPENDENT RETAINED.— Section 152, prior to the repeal made by subsection (a), is hereby redesignated as section 7706 and moved to the end of chapter 79.

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

(1) in paragraph (2)(C)—

(A) in clause (i), by striking "the exemption amount under section 151(d)" and all that follows through the period at the end and inserting "the dollar amount in effect under section 7706(d)(1)(B).", and

(B) by striking clause (iii),

(2) by striking paragraph (3), and

(3) by striking "Deduction For Personal Exemption" in the heading thereof and inserting "Basic Deduction".

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

(e) MODIFICATION OF RETURN REQUIREMENT.—

(1) IN GENERAL.— Section 6012(a)(1) is amended to read as follows:

"(1) Every individual who has gross income for the taxable year, except that a return shall not be required of—

"(A) an individual who is not married (determined by applying section 7703) and who has gross income for the taxable year which does not exceed the standard deduction applicable to such individual for such taxable year under section 63, or

"(B) an individual entitled to make a joint return if—

"(i) the gross income of such individual, when combined with the gross income of such individual's spouse, for the taxable year does not exceed the standard deduction which would be applicable for such taxable year under section 63 if such individual and such individual's spouse made a joint return,

"(ii) such individual's spouse does not make a separate return, and

"(iii) neither such individual nor such individual's spouse is an individual described in section 63(c)(4) who has income (other than earned income) in excess of the amount in effect under section 63(c)(4)(A)."

(2) BANKRUPTCY ESTATES.— Section 6012(a)(8) is amended by striking "the sum of the exemption amount plus the basic standard deduction under section 63(c)(2)(C)" and inserting "the standard deduction in effect under section 63(c)(1)(B)".

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

(f) CONFORMING AMENDMENTS.—

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

(A) by striking ", section 68(b)(2) or section 151(d)(4)" in subparagraph (A) and inserting "or section 68(b)(2)", and

(B) by striking "(other than with respect to section 151(d)(4)(A))" in subparagraph (B).

(2) Section 1(g)(5)(A) is amended by striking "section 152(e)" and inserting "section 7706(e)".

(3) Section 2(a)(1)(B) is amended—

(A) by striking "section 152" and inserting "section 7706", and

(B) by striking "with respect to whom the taxpayer is entitled to a deduction for the taxable year under section 151" and inserting "whose TIN is included on the taxpayer's return of tax for the taxable year".

(4) Section 2(b)(1)(A)(i) is amended—

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

(i) by striking "section 152(c)" and inserting "section 7706(c)", and

(ii) by striking "section 152(e)" and inserting "section 7706(e)", and

(B) in subclause (II), by striking "section 152(b)(2) or 152(b)(3)" and inserting "section 7706(b)(2) or 7706(b)(3)".

(5) Section 2(b)(1)(A)(ii) is amended by striking "if the taxpayer is entitled to a deduction for the taxable year for such person under section 151" and inserting "if the taxpayer included such person's TIN on the return of tax for the taxable year".

(6) Section 2(b)(1)(B) is amended by striking "if the taxpayer is entitled to a deduction for the taxable year for such father or mother under section 151" and inserting "if such father or mother is a dependent of the taxpayer and the taxpayer included such father or mother's TIN on the return of tax for the taxable year".

(7) Section 2(b)(3)(B) is amended—

(A) by striking "section 152(d)(2)" in clause (i) and inserting "section 7706(d)(2)", and

(B) by striking "section 152(d)" in clause (ii) and inserting "section 7706(d)".

(8) Section 21(b)(1)(A) is amended by striking "section 152(a)(1)" and inserting "section 7706(a)(1)".

(9) Section 21(b)(1)(B) is amended by striking "section 152" and inserting "section 7706".

(10) Section 21(e)(5)(A) is amended by striking "section 152(e)" and inserting "section 7706(e)".

(11) Section 21(e)(5) is amended by striking "section 152(e)(4)(A)" in the matter following subparagraph (B) and inserting "section 7706(e)(4)(A)".

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

"(A) who is a dependent of either the taxpayer or the taxpayer's spouse for the taxable year, or".

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

(14) Section 25A(f)(1)(A)(iii) is amended by striking "with respect to whom the taxpayer is allowed a deduction under section 151".

(15) Section 25A(g)(3) is amended by striking "If a deduction under section 151 with respect to an individual is allowed to another taxpayer" and inserting "If an individual is a dependent of another taxpayer".

(16) Section 25B(c)(2)(A) is amended by striking "any individual with respect to whom a deduction under section 151 is allowed to another taxpayer" and inserting "any individual who is a dependent of another taxpayer".

(17) Section 25B(c)(2)(B) is amended by striking "section 152(f)(2)" and inserting "section 7706(f)(2)".

(18) Section 32(c)(1)(A)(ii)(III) is amended by striking "a dependent for whom a deduction is allowable under section 151 to another taxpayer" and inserting "a dependent of another taxpayer".

(19) Section 32(c)(3) is amended—

(A) in subparagraph (A)—

(i) by striking "section 152(c)" and inserting "section 7706(c)", and

(ii) by striking "section 152(e)" and inserting "section 7706(e)",

(B) in subparagraph (B), by striking "unless the taxpayer is entitled to a deduction under section 151 for such taxable year with respect to such individual (or would be so entitled but for section 152(e))" and inserting "if such individual is not treated as a dependent of such taxpayer for such taxable year by reason of section 7706(b)(2) (determined without regard to section 7706(e))", and

(C) in subparagraph (C), by striking "section 152(c)(1)(B)" and inserting "section 7706(c)(1)(B)".

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

(21) Section 35(d)(2) is amended—

(A) by striking "section 152(e)" and inserting "section 7706(e)", and

(B) by striking "section 152(e)(4)(A)" and inserting "section 7706(e)(4)(A)".

(22) Section 36B(b)(2)(A) is amended by striking "section 152" and inserting "section 7706".

(23) Section 36B(b)(3)(B) is amended by striking "unless a deduction is allowed under section 151 for the taxable year with respect to a dependent" in the flush matter at the end and inserting "unless the taxpayer has a dependent for the taxable year (and the taxpayer included such dependent's TIN on the return of tax for the taxable year)".

(24) Section 36B(c)(1)(D) is amended by striking "with respect to whom a deduction under section 151 is allowable to another taxpayer" and inserting "who is a dependent of another taxpayer".

(25) Section 36B(d)(1) is amended by striking "equal to the number of individuals for whom the taxpayer is allowed a deduction under section 151 (relating to allowance of deduction for personal exemptions) for the taxable year" and inserting "the sum of 1 (2 in the case of a joint return) plus the number of individuals who are dependents of the taxpayer for the taxable year".

(26) Section 36B(e)(1) is amended by striking "1 or more individuals for whom a taxpayer is allowed a deduction under section 151 (relating to allowance of deduction for personal exemptions) for the taxable year (including the taxpayer or his spouse)" and inserting "1 or more of the taxpayer, the taxpayer's spouse, or any dependent of the taxpayer".

(27) Section 42(i)(3)(D)(ii)(I) is amended by striking "section 152" and inserting "section 7706".

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

(A) by striking "section 152(d)(2)" and inserting "section 7706(d)(2)", and

(B) by striking "section 152(d)(2)(H)" and inserting "section 7706(d)(2)(H)".

(29) Section 51(i)(1) is amended—

(A) by striking "section 152(d)(2)" in subparagraphs (A) and (B) and inserting "section 7706(d)(2)", and

(B) by striking "section 152(d)(2)(H)" in subparagraph (C) and inserting "section 7706(d)(2)(H)".

(30) Section 56(b)(1)(D), as amended by the preceding provisions of this Act, is amended—

(A) by striking ", the deduction for personal exemptions under section 151,", and

(B) by striking "and deduction for personal exemptions" in the heading thereof.

(31) Section 63(b) is amended by adding "and" at the end of paragraph (1), by striking paragraph (2), and by redesignating paragraph (3) as paragraph (2).

(32) Section 63(c), as amended by section 121, is amended by striking paragraph (3) and redesignating paragraphs (4), (5), and (6) as paragraphs (3), (4), and (5), respectively.

(33) Section 63(c)(4), as redesignated, is amended—

(A) by striking "with respect to whom a deduction under section 151 is allowable to" and inserting "who is a dependent of", and

(B) by striking "certain" in the heading thereof.

(34) Section 63(d) is amended by adding "and" at the end of paragraph (1), by striking paragraph (2), and by redesignating paragraph (3) as paragraph (2).

(35) Section 63(f) is amended by striking all that precedes paragraph (3) and inserting the following:

"(f) ADDITIONAL STANDARD DEDUCTION FOR THE AGED AND BLIND.—

"(1) IN GENERAL.— For purposes of subsection (c)(1), the additional standard deduction is, with respect to a taxpayer for a taxable year, the sum of—

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

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

"(2) APPLICATION TO MARRIED INDIVIDUALS.—

"(A) JOINT RETURNS.— In the case of a joint return, paragraph (1) shall be applied separately with respect to each spouse.

"(B) CERTAIN MARRIED INDIVIDUALS FILING SEPARATELY.— In the case of a married individual filing a separate return, if—

"(i) the spouse of such individual has no gross income for the calendar year in which the taxable year of such individual begins,

"(ii) such spouse is not the dependent of another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins, and

"(iii) the TIN of such spouse is included on such individual's return of tax for the taxable year,

the additional standard deduction shall be determined in the same manner as if such individual and such individual's spouse filed a joint return."

(36) Section 63(f)(3) is amended by striking "paragraphs (1) and (2)" and inserting "subparagraphs (A) and (B) of paragraph (1)".

(37) Section 72(t)(2)(D)(i)(III) is amended by striking "section 152" and inserting "section 7706".

(38) Section 72(t)(7)(A)(iii) is amended by striking "section 152(f)(1)" and inserting "section 7706(f)(1)".

(39) Section 105(b) is amended—

(A) by striking "as defined in section 152" and inserting "as defined in section 7706",

(B) by striking "section 152(f)(1)" and inserting "section 7706(f)(1)" and

(C) by striking "section 152(e)" and inserting "section 7706(e)".

(40) Section 105(c)(1) is amended by striking "section 152" and inserting "section 7706".

(41) Section 125(e)(1)(D) is amended by striking "section 152" and inserting "section 7706".

(42) Section 129(c)(1) is amended to read as follows:

"(1) who is a dependent of such employee or of such employee's spouse, or".

(43) Section 129(c)(2) is amended by striking "section 152(f)(1)" and inserting "section 7706(f)(1)".

(44) Section 132(h)(2)(B) is amended—

(A) by striking "section 152(f)(1)" and inserting "section 7706(f)(1)", and

(B) by striking "section 152(e)" and inserting "section 7706(e)".

(45) Section 139D(c)(5) is amended by striking "section 152" and inserting "section 7706".

(46) Section 139E(c)(2) is amended by striking "section 152" and inserting "section 7706".

(47) Section 162(l)(1)(D) is amended by striking "section 152(f)(1)" and inserting "section 7706(f)(1)".

(48) Section 170(g)(1) is amended by striking "section 152" and inserting "section 7706".

(49) Section 170(g)(3) is amended by striking "section 152(d)(2)" and inserting "section 7706(d)(2)".

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

(51) Section 213(a) is amended by striking "section 152" and inserting "section 7706".

(52) Section 213(d)(5) is amended by striking "section 152(e)" and inserting "section 7706(e)".

(53) Section 213(d)(11) is amended by striking "section 152(d)(2)" in the matter following subparagraph (B) and inserting "section 7706(d)(2)".

(54) Section 220(b)(6) is amended by striking "with respect to whom a deduction under section 151 is allowable to" and inserting "who is a dependent of".

(55) Section 220(d)(2)(A) is amended by striking "section 152" and inserting "section 7706".

(56) Section 221(d)(4) is amended by striking "section 152" and inserting "section 7706".

(57) Section 222(c)(3) is amended by striking "with respect to whom a deduction under section 151 is allowable to" and inserting "who is a dependent of".

- (58) Section 223(b)(6) is amended by striking "with respect to whom a deduction under section 151 is allowable to" and inserting "who is a dependent of".
- (59) Section 223(d)(2)(A) is amended by striking "section 152" and inserting "section 7706".
- (60) Section 401(h) is amended by striking "section 152(f)(1)" in the last sentence and inserting "section 7706(f)(1)".
- (61) Section 402(l)(4)(D) is amended by striking "section 152" and inserting "section 7706".
- (62) Section 409A(a)(2)(B)(ii)(I) is amended by striking "section 152(a)" and inserting "section 7706(a)".
- (63) Section 441(f)(2)(B)(iii) is amended by striking ", but only the adjusted amount of the deductions for personal exemptions as described in section 443(c)".
- (64) Section 443 is amended—
- (A) in subsection (b)—
    - (i) by striking paragraph (3), and
    - (ii) by striking "modified taxable income" and inserting "taxable income" each place such term appears,
  - (B) by striking subsection (c), and
  - (C) by redesignating subsections (d) and (e) as subsections (c) and (d), respectively.
- (65) Section 501(c)(9) is amended by striking "section 152(f)(1)" and inserting "section 7706(f)(1)".
- (66) Section 529(e)(2)(B) is amended by striking "section 152(d)(2)" and inserting "section 7706(d)(2)".
- (67) Section 529A(e)(4) is amended—
- (A) by striking "section 152(d)(2)(B)" and inserting "section 7706(d)(2)(B)", and
  - (B) by striking "section 152(f)(1)(B)" and inserting "section 7706(f)(1)(B)".
- (68) Section 643(a)(2) is amended—
- (A) by striking "(relating to deduction for personal exemptions)" and inserting "(relating to basic deduction)", and
  - (B) by striking "Deduction for personal exemption" in the heading thereof and inserting "Basic deduction".
- (69) Section 703(a)(2) is amended by striking subparagraph (A) and by redesignating subparagraphs (B) through (F) as subparagraphs (A) through (E), respectively.
- (70) Section 874 is amended by striking subsection (b) and by redesignating subsection (c) as subsection (b).
- (71) Section 891 is amended by striking "under section 151 and".
- (72) Section 904(b)(1) is amended to read as follows:
- "(1) DEDUCTION FOR ESTATES AND TRUSTS.— For purposes of subsection (a), the taxable income of an estate or trust shall be computed without any deduction under section 642(b)."
- (73) Section 931(b)(1) is amended to read as follows:
- "(1) any deduction from gross income, or".
- (74) Section 933 is amended—
- (A) by striking "as a deduction from his gross income any deductions (other than the deduction under section 151, relating to personal exemptions)" in paragraph (1) and inserting "any deduction from gross income", and
  - (B) by striking "as a deduction from his gross income any deductions (other than the deduction for personal exemptions under section 151)" in paragraph (2) and inserting "any deduction from gross income".
- (75) Section 1212(b)(2)(B)(ii) is amended to read as follows:
- "(ii) in the case of an estate or trust, the deduction allowed for such year under section 642(b)."
- (76) Section 1361(c)(1)(C) is amended by striking "section 152(f)(1)(C)" and inserting "section 7706(f)(1)(C)".

- (77) Section 1402(a) is amended by striking paragraph (7).
- (78) Section 2032A(c)(7)(D) is amended by striking "section 152(f)(2)" and inserting "section 7706(f)(2)".
- (79) Section 3402(m)(1) is amended by striking "other than the deductions referred to in section 151 and".
- (80) Section 3402(r)(2) is amended by striking "the sum of—" and all that follows and inserting "the basic standard deduction (as defined in section 63(c)) for an individual to whom section 63(c)(2)(C) applies."
- (81) Section 5000A(b)(3)(A) is amended by striking "section 152" and inserting "section 7706".
- (82) Section 5000A(c)(4)(A) is amended by striking "the number of individuals for whom the taxpayer is allowed a deduction under section 151 (relating to allowance of deduction for personal exemptions) for the taxable year" and inserting "the sum of 1 (2 in the case of a joint return) plus the number of the taxpayer's dependents for the taxable year".
- (83) Section 6013(b)(3)(A) is amended—
- (A) by striking "had less than the exemption amount of gross income" in clause (ii) and inserting "had no gross income",
  - (B) by striking "had gross income of the exemption amount or more" in clause (iii) and inserting "had any gross income", and
  - (C) by striking the flush language following clause (iii).
- (84) Section 6014(a) is amended by striking "section 6012(a)(1)(C)(i)" and inserting "section 6012(a)(1)(B)(iii)".
- (85) Section 6014(b)(4) is amended by striking "63(c)(5)" and inserting "63(c)(4)".
- (86) Section 6103(l)(21)(A)(iii) is amended to read as follows:
- "(iii) the number of the taxpayer's dependents,".
- (87) Section 6213(g)(2)(H) is amended by striking "section 21 (relating to expenses for household and dependent care services necessary for gainful employment) or section 151 (relating to allowance of deductions for personal exemptions)" and inserting "subsection (a)(1)(B), (b)(1)(A)(ii), or (b)(1)(B) of section 2 or section 21, 35(d)(1)(B), 36B(b)(3)(B), or 63(f)(2)(B)".
- (88) Section 6334(d) is amended—
- (A) by amending paragraph (2) to read as follows:
    - "(2) EXEMPT AMOUNT.—
    - "(A) IN GENERAL.— For purposes of paragraph (1), the term 'exempt amount' means an amount equal to—
      - "(i) the sum of the amount determined under subparagraph (B) and the standard deduction, divided by
      - "(ii) 52.    - "(B) AMOUNT DETERMINED.— For purposes of subparagraph (A), the amount determined under this subparagraph is—
      - "(i) the dollar amount in effect under section 7706(d)(1)(B), multiplied by
      - "(ii) the number of the taxpayer's dependents for the taxable year in which the levy occurs.    - "(C) VERIFIED STATEMENT.— Unless the taxpayer submits to the Secretary a written and properly verified statement specifying the facts necessary to determine the proper amount under subparagraph (A), subparagraph (A) shall be applied as if the taxpayer were a married individual filing a separate return with no dependents.", and
  - (B) by striking paragraph (4).
- (89) Section 7702B(f)(2)(C)(iii) is amended by striking "section 152(d)(2)" and inserting "section 7706(d)(2)".
- (90) Section 7703(a) is amended by striking "part V of subchapter B of chapter 1 and".

(91) Section 7703(b)(1) is amended by striking "section 152(f)(1))" and all that follows and inserting "section 7706(f)(1)) who is a dependent of such individual for the taxable year (or would be but for section 7706(e)),".

(92) Section 7706(a), as redesignated by this section, is amended by striking "this subtitle" and inserting "subtitle A".

(93)

(A) Section 7706(d)(1)(B), as redesignated by this section, is amended by striking "the exemption amount (as defined in section 151(d))" and inserting "\$4,150".

(B) Section 7706(d), as redesignated by this section, is amended by adding at the end the following new paragraph:

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

"(A) such dollar amount, multiplied by

"(B) the cost-of-living adjustment determined under section 1(c)(2)(A) for the calendar year in which such taxable year begins, determined by substituting 'calendar year 2017' for 'calendar year 2016' in clause (ii) thereof.

If any increase determined under the preceding sentence is not a multiple of \$50, such increase shall be rounded to the next lowest multiple of \$50."

(94) Section 7706(e)(3), as redesignated by this section, is amended by inserting "(as in effect before its repeal)" after "section 151".

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

(96) The table of parts for subchapter B of chapter 1 is amended by striking the item relating to part V.

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

"Sec. 7706. Dependent defined."

(g) EFFECTIVE DATE.— The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

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

(a) IN GENERAL.—

Section 164(b)(6) is amended by striking all that precedes "The preceding sentence" and inserting the following: Make this match technicals.

"(6) LIMITATION ON INDIVIDUAL DEDUCTIONS.— In the case of an individual—

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

"(B) the aggregate amount of the deduction allowed under this chapter for taxes described in paragraphs (1), (2), and (3) of subsection (a) and paragraph (5) of this subsection paid or accrued by the taxpayer during the taxable year shall not exceed \$10,000 (\$5,000 in the case of a married individual filing a separate return)."

(b) EFFECTIVE DATE.— The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

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

(a) INTEREST ON HOME EQUITY INDEBTEDNESS.— Section 163(h)(3)(A) is amended by striking "during the taxable year on" and all that follows through "residence of the taxpayer." and inserting "during the taxable year on acquisition indebtedness with respect to any qualified residence of the taxpayer."

(b) LIMITATION ON ACQUISITION INDEBTEDNESS.—

Section 163(h)(3)(B)(ii) is amended to read as follows:

"(ii) LIMITATION.— The aggregate amount treated as acquisition indebtedness for any period shall not exceed the excess (if any) of—

"(I) \$750,000 (\$375,000, in the case of a married individual filing a separate return), over

"(II) the sum of the aggregate outstanding pre-October 13, 1987, indebtedness (as defined in subparagraph (D)) plus the aggregate outstanding pre-December 15, 2017, indebtedness (as defined in subparagraph (C))."

(c) TREATMENT OF INDEBTEDNESS INCURRED ON OR BEFORE DECEMBER 15, 2017.—

Section 163(h)(3)(C) is amended to read as follows:

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

"(i) IN GENERAL.— In the case of any pre-December 15, 2017, indebtedness, subparagraph (B)(ii) shall not apply and the aggregate amount of such indebtedness treated as acquisition indebtedness for any period shall not exceed the excess (if any) of—

"(I) \$1,000,000 (\$500,000, in the case of a married individual filing a separate return), over

"(II) the aggregate outstanding pre-October 13, 1987, indebtedness (as defined in subparagraph (D)).

"(ii) PRE-DECEMBER 15, 2017, INDEBTEDNESS.— For purposes of this subparagraph—

"(I) IN GENERAL.— The term 'pre-December 15, 2017, indebtedness' means indebtedness (other than pre-October 13, 1987, indebtedness) incurred on or before December 15, 2017.

"(II) BINDING WRITTEN CONTRACT EXCEPTION.— In the case of a taxpayer who enters into a written binding contract before December 15, 2017, to close on the purchase of a principal residence before January 1, 2018, and who purchases such residence before April 1, 2018, the term 'pre-December 15, 2017, indebtedness' shall include indebtedness secured by such residence.

"(iii) REFINANCING INDEBTEDNESS.—

"(I) IN GENERAL.— In the case of any indebtedness which is incurred to refinance indebtedness, such refinanced indebtedness shall be treated for purposes of this subparagraph as incurred on the date that the original indebtedness was incurred to the extent the amount of the indebtedness resulting from such refinancing does not exceed the amount of the refinanced indebtedness.

"(II) LIMITATION ON PERIOD OF REFINANCING.— Subclause (I) shall not apply to any indebtedness after the expiration of the term of the original indebtedness or, if the principal of such original indebtedness is not amortized over its term, the expiration of the term of the 1st refinancing of such indebtedness (or if earlier, the date which is 30 years after the date of such 1st refinancing)."

(d) COORDINATION WITH TREATMENT OF INDEBTEDNESS INCURRED ON OR BEFORE OCTOBER 13, 1987.— Section 163(h)(3)(D) is amended—

(1) by striking clause (ii) and redesignating clauses (iii) and (iv) as clauses (ii) and (iii), respectively, and

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

(A) by striking "clause (iii)" in the matter preceding subclause (I) and inserting "clause (ii)", and

(B) by striking "clause (iii)(I)" in subclauses (I) and (II) and inserting "clause (ii)(I)".

(e) COORDINATION WITH EXCLUSION OF INCOME FROM DISCHARGE OF INDEBTEDNESS.— Section 108(h)(2) is amended by striking "\$1,000,000 (\$500,000 " and inserting "\$750,000 (\$375,000".

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

(g) EFFECTIVE DATE.— The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

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

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

(b) CONFORMING AMENDMENTS.—

(1) Section 165(h)(5)(B) is amended by striking "for any taxable year to which subparagraph (A) applies".



(2) Section 165(h)(5) is amended by striking "for taxable years 2018 through 2025" in the heading thereof and inserting "to losses attributable to Federally declared disasters".

(c) EFFECTIVE DATE.— The amendments made by this section shall apply to losses sustained in taxable years beginning after December 31, 2017.

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

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

(1) by amending subsection (a) to read as follows:

"(a) IN GENERAL.— In the case of an individual, miscellaneous itemized deductions shall not be allowed.",  
and

(2) by striking subsection (g).

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

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

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

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

"(1) the deductions for costs which are paid or incurred in connection with the administration of the estate or trust and which would not have been incurred if the property were not held in such trust or estate, and

"(2) the deductions allowable under sections 642(b), 651, and 661, shall be treated as allowable in arriving at adjusted gross income."

(c) CONFORMING AMENDMENTS.—

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

"(A) CERTAIN TAXES.— No deduction (other than a deduction allowable in computing adjusted gross income) shall be allowed for any taxes described in paragraph (1), (2), or (3) of section 164(a) or clause (ii) of section 164(b)(5)(A)."

(2) Section 56(b)(1)(C), as amended by the preceding provisions of this Act, is amended by striking "subparagraph (A)(ii)" and inserting "subparagraph (A)".

(3) Section 62(a) is amended by striking "subtitle" in the matter preceding paragraph (1) and inserting "title".

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

"(E) Section 642(c) shall not apply."

(5) Section 1411(a)(2) is amended by striking "(as defined in section 67(e))".

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

(7) Section 67 is amended in the heading, by striking "2-percent floor on" and inserting "Denial of".

(8) The table of sections for part 1 of subchapter B of chapter 1 is amended by striking the item relating to section 67 and inserting the following new item:

"Sec. 67. Denial of miscellaneous itemized deductions. "

(d) EFFECTIVE DATE.— The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

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

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

(b) CONFORMING AMENDMENTS.—

(1) Section 1(f)(7)(A), as amended by sections 121 and 141, is amended by striking "or section 68(b)(2)".

(2) Section 56(b)(1), as amended by the preceding provisions of this Act, is amended by striking subparagraph (E).

(3) Section 164(b)(5)(H)(ii)(III) is amended by striking "(as determined under section 68(b))".

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

"(iii) APPLICABLE AMOUNT DEFINED.— For purposes of clause (ii), the term 'applicable amount' means

—  
 "(I) \$300,000 in the case of a joint return or a surviving spouse,

"(II) \$275,000 in the case of a head of household,

"(III) \$250,000 in the case of an individual who is not married and who is not a surviving spouse or head of household, and

"(IV) ½ the amount applicable under subclause (I) in the case of a married individual filing a separate return.

For purposes of this paragraph, marital status shall be determined under section 7703. In the case of any taxable year beginning in calendar years after 2017, each of the dollar amounts in this clause shall be increased by an amount equal to such dollar amount, multiplied by the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting '2012' for '2016' in subparagraph (A)(ii) thereof. If any amount after adjustment under the preceding sentence is not a multiple of \$50, such amount shall be rounded to the next lowest multiple of \$50."

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

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

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

(b) CONFORMING AMENDMENTS.—

(1) Section 132(f)(2) is amended by adding "and" at the end of subparagraph (A), striking ", and" at the end of subparagraph (B) and inserting a period, and striking subparagraph (C).

(2) Section 132(f)(4) is amended by striking "(other than a qualified bicycle commuting reimbursement)".

(3) Section 132(f) is amended by striking paragraph (8).

(4) Section 274(l)(2) is amended by striking "after December 31, 2017, and before January 1, 2026".

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

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

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

(1) by striking "by an individual" in paragraph (1) and inserting "by a qualified military individual", and

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

"(2) QUALIFIED MILITARY INDIVIDUAL.— For purposes of this subsection, the term 'qualified military individual' means a member of the Armed Forces of the United States on active duty who moves pursuant to a military order and incident to a permanent change of station."

(b) EFFECTIVE DATE.— The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

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

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

(1) by amending subsection (a) to read as follows:

"(a) DEDUCTION ALLOWED.— There shall be allowed as a deduction moving expenses paid or incurred during the taxable year by a member of the Armed Forces of the United States on active duty who moves pursuant to a military order and incident to a permanent change of station.",

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

(3) by inserting after subsection (d), as so redesignated, the following new subsection:

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

"(1) to such member, his spouse, or his dependents, shall not be includible in gross income, and no reporting with respect to such expenses shall be required by the Secretary of Defense or the Secretary of Transportation, as the case may be, and

"(2) to such member's spouse and his dependents with regard to moving to a location other than the one to which such member moves (or from a location other than the one from which such member moves), this section shall apply with respect to the moving expenses of his spouse and dependents as if his spouse commenced work as an employee at a new principal place of work at such location."

(b) CONFORMING AMENDMENTS.—

(1) Subsections (d)(3)(C) and (e) of section 23 are each amended by striking "section 217(h)(3)" and inserting "section 217(c)(3)".

(2) Section 7872(f) is amended by striking paragraph (11).

(3) Section 217 is amended in the heading by striking "Moving expenses" and inserting "Certain moving expenses of members of Armed Forces".

(4) The table of sections for part VII of subchapter B of chapter 1 is amended by striking the item relating to section 217 and inserting the following new item:

"Sec. 217. Certain moving expenses of members of Armed Forces."

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

#### **Sec. 150. Limitation on wagering losses**

(a) IN GENERAL.— Section 165(d) is amended by striking "in the case of taxable years beginning after December 31, 2017, and before January 1, 2026,".

(b) EFFECTIVE DATE.— The amendment made by this section shall apply to taxable years beginning after December 31, 2017.

## **Subtitle F—Increase in estate and gift tax exemption**

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

(a) IN GENERAL.— Section 2010(c)(3) is amended in subparagraph (A), by striking "\$5,000,000" and inserting "\$10,000,000".

(b) CONFORMING AMENDMENTS.—

(1) Section 2001(g) is amended to read as follows:

"(g) MODIFICATIONS TO GIFT TAX PAYABLE TO REFLECT DIFFERENT TAX RATES.— For purposes of applying subsection (b)(2) with respect to 1 or more gifts, the rates of tax under subsection (c) in effect at the decedent's death shall, in lieu of the rates of tax in effect at the time of such gifts, be used both to compute—

"(1) the tax imposed by chapter 12 with respect to such gifts, and

"(2) the credit allowed against such tax under section 2505, including in computing—

"(A) the applicable credit amount under section 2505(a)(1), and

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

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

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

## Title II—Increased exemption for Alternative Minimum Tax made permanent

### Sec. 201. Increased exemption for individuals

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

- (1) by striking "\$78,750" in subparagraph (A) and inserting "\$109,400", and
- (2) by striking "\$50,600" in subparagraph (B) and inserting "\$70,300".

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

- (1) by striking "\$150,000" in subparagraph (A) and inserting "\$1,000,000", and
- (2) by striking subparagraphs (B) and (C) and by inserting the following new subparagraphs:

"(B) 50 percent of the dollar amount applicable under subparagraph (A) in the case of a taxpayer described in paragraph (1)(B) or (1)(C), and

"(C) \$75,000 in the case of a taxpayer described in paragraph (1)(D)."

(c) INFLATION ADJUSTMENT.—

Section 55(d)(3) is amended to read as follows:

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

"(A) such dollar amount, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting—

"(i) in the case of a dollar amount contained in paragraph (1)(D) or (2)(C) or in subsection (b)(1)(A), 'calendar year 2011' for 'calendar year 2016' in subparagraph (A)(ii) thereof, and

"(ii) in the case of a dollar amount contained in paragraph (1)(A), (1)(B), or (2)(A), 'calendar year 2017' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

Any increased amount determined under this paragraph shall be rounded to the nearest multiple of \$100 (\$50 in the case of the dollar amount contained in paragraph (2)(C))."

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

(e) EFFECTIVE DATE.— The amendments made by this section shall apply to taxable years beginning after December 31, 2017.

## *Title III—Budgetary effects*

### *Sec. 301. Budgetary effects*

*(a) STATUTORY PAYGO SCORECARDS.— The budgetary effects of this Act shall not be entered on either PAYGO scorecard maintained pursuant to section 4(d) of the Statutory Pay-As-You-Go Act of 2010.*

*(b) SENATE PAYGO SCORECARDS.— The budgetary effects of this Act shall not be entered on any PAYGO scorecard maintained for purposes of section 4106 of H. Con. Res. 71 (115th Congress).*

