Comparison of Key Provisions in House and Senate Tax Reform bills

Provision	House Bill	Bill Senate Bill (per Cong. Rec.)	Bill Sections	I.R.C. Sections
Credit for Clinical Testing Expenses for Certain Drugs and Rare Diseases	The bill would repeal the 50% credit for clinical testing expenses ("orphan drug credit") for certain drugs and rare diseases.	The bill would limit the orphan drug credit to 27.5% of qualified clinical testing expenses for the tax year. The bill would also impose reporting requirements similar to those required in §48C and §48D. Taxpayers would also be able to elect a reduced credit in lieu of reducing otherwise allowable deductions (similar to the research credit under §280C). Effective for tax years beginning after Dec. 31, 2017.	House §3401 Senate §13401	§45C
Charitable Contributions	The bill would (i) increase the AGI limitation on cash contributions from 50% to 60% and would retain the five-year carryover, (ii) repeal the current 80% deduction for contributions made for university athletic seating rights, (iii) provide that the standard mileage rate for charitable use of an	The bill would increase the AGI limitation on cash contributions from 50% to 60%, effective for contributions made in tax years beginning after 2017 and before 2026. The bill would repeal the current 80% deduction for contributions made for university athletic seating rights, effective for	House §1306 Senate §11023, §13703 (renumbered), §13704 (renumbered)	§170

	automobile would take into account the variable cost of operating an automobile rather than the current 14 cents per mile, and (iv) repeal the exception to the contemporaneous written acknowledgment requirement for contributions of $250 or more when the donee organization files the required return. The changes would apply to contributions made in tax years beginning after 2017.	contributions made in tax years beginning after 2017. The bill would also repeal the exception to the contemporaneous written acknowledgement requirement for contributions of $250 or more when the donee organization files the required return, effective for contributions made in tax years beginning after Dec. 31, 2016. The Senate bill does not address the standard mileage rate for charitable use of a personal vehicle.		
American Opportunity Tax Credit	Under the bill, the existing higher education tax credits (Hope Scholarship Credit (American Opportunity Tax Credit (AOTC) after 2008) and Lifetime Learning Credit (LLC)) would be consolidated. The new AOTC, like the current AOTC, would provide a 100% tax credit for the first $2,000 of certain higher education expenses and a 25% tax	Not addressed.	House §1201	§25A

	credit for the next $2,000 of such expenses. The AOTC would also be available for a fifth year of post-secondary education at half the rate as the first four years, with up to $500 of such credit being refundable. The LLC would no longer be available. The provision would be effective for tax years beginning after 2017.			
Other Provisions Relating to Education	Under the bill, the deduction for interest on education loans and the deduction for qualified tuition and related expenses would be repealed. The exclusion for interest on U.S. savings bonds used to pay qualified higher education expenses, the exclusion for qualified tuition reduction programs (including for graduate and research assistants), and the exclusion for employer provided education assistance programs would also be repealed. The exclusion	~~Not addressed. However, the Senate Finance Committee policy highlights stated that it would preserve education relief for graduate students.~~ The bill would lower the maximum exclusion from gross income for benefits provided under qualified educational assistance programs from $5,250 to $2,500 per calendar year. Effective after Dec. 31, 2017.	House §1204 Senate ~~Addressed only in policy highlights~~ §11033	§117, §127, §135, §221, §222

	for education assistance programs would be effective for amounts paid or incurred after 2017. The other provisions would be effective for tax years beginning after 2017.			
Private Foundation Excise Tax on Investment Income	The bill would simplify the private foundation excise tax on investment income and would reduce the rate from 2% to 1.4%, effective for tax years beginning after 2017.	Not addressed.	House §5101	§4940
Private Foundation Excise Tax on Failure to Distribute Income	For purposes of the private foundation excise tax on failure to distribute income, the bill would exclude organizations operating art museums from the definition of operating foundations, unless the museum is open for at least 1,000 hours during the tax year, effective for tax years beginning after 2017.	Not addressed.	House §5102	§4942
Excise Tax on Investment Income of Private Colleges and Universities	The bill would impose a 1.4% excise tax on certain private colleges and universities and their related organizations. This provision would apply	Same as House, except that the bill would provide that assets held and investment income earned by related, but not controlled, organizations	House §5103 Senate §13701	House §4969 (new) Senate §4968 (new)

	only to private institutions that have more than 500 students and assets of at least $250,000 per full-time student (not including assets used directly by the institution in carrying out the institution's educational purpose). The assets and net investment income of related organizations would be treated as the assets of the private college or university. The changes would apply for tax years beginning after 2017.	would be treated as the institution's assets only if the assets and income are intended or available for the use of the institution. 12/1 Amend. – The amendment would increase the asset threshold at which the excise tax applies from $250,000 to $500,000 per full-time student.		
Corporate Tax Rate	After 2017, 20% flat corporate tax rate; 25% flat rate for personal service corporations. After 2017, the 80% dividends received deduction would be reduced to 65% and the 70% dividends received deduction would be reduced to 50%, preserving the current law effective tax rates on income from such dividends.	After 2018, 20% flat corporate tax rate; would eliminate the special tax rate for personal service corporations. After 2018, would reduce the 80% dividends received deduction to 65% and the 70% dividends received deduction to 50%, and would repeal the maximum corporate tax	House §3001 Senate §13001, §13002	§11, §243, §245, §§246, §246A, §861

		rate on net capital gain as obsolete.		
International Tax Provisions	Would switch to a territorial system by providing a 100% dividends received deduction to U.S. corporations when amounts are repatriated from foreign subsidiaries. A one-time "deemed repatriation" would be imposed, under which the U.S. corporation would pay a tax of 14% on liquid assets and 7% on illiquid assets.	The Senate bill would also shift to a territorial system, with deemed repatriation rates of 14.49% on liquid and 7.49% on illiquid assets.	House §4001 Senate §14103	§245A, §246A, §902, §863, §954, §956, §960, §961 House §91 (new) Source

Sources:

Bloomberg Tax: Roadmap to House and Senate Tax Reform Plans

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