



TAX REFORM: CURRENT LAW & TAX CUTS AND JOBS ACT		
Provision	Current Law	Tax Cuts and Jobs Act (provisions effective beginning 2018)
Business Tax Rates	<p>Flow-through entity: Maximum rate of 39.6%.</p> <p>REIT dividend maximum rate of 39.6%.</p> <p>Corporation: Maximum Rate of 35%.</p>	<p>Flow-through entity: 20% deduction available for qualified pass-through income. For taxpayers earning over \$157,500 (single filers) and \$315,000 (married couples), deduction is limited to greater of 50% of the taxpayer’s share of aggregate W-2 wages paid by the business OR 25% of the taxpayer’s share of aggregate W-2 wages paid by the business plus 2.5% of the unadjusted basis of all qualified property (structures but not land).</p> <p>REIT dividends eligible for 20% deduction.</p> <p>Corporation: Maximum Rate of 21%.</p> <p>Flow-through entity deduction sunset after 2025.</p> <p>Corporate rate cut permanent.</p>
Individual Tax Rates	<p>Seven brackets ranging from 10% to 39.6%. Highest rate effective at \$418,400 (single filers) / \$470,700 (married filers).</p>	<p>Seven tax brackets ranging from 10% to 37%. Highest rate effective at \$500,000 (single filers) / \$600,000 (married filers).</p> <p>Rate structure expires after 2025.</p>
Depreciation of Buildings	<p>27.5 years.</p>	<p>30 years. 27.5 years if company elects to limit interest deductibility or has under \$25 million in gross receipts.</p>
Depreciation of Other Assets	<p>Depreciated over applicable class life, though bonus depreciation available through 2019.</p> <p>Small businesses may expense up to \$500,000 of qualifying property. Amount reduced over \$2 million in qualifying property.</p>	<p>Real estate eligible for full expensing of non-real property assets placed in service from September 28, 2017, through 2022. Bonus depreciation applies thereafter (80% in 2023, 60% in 2024, 40% in 2025, and 20% in 2026).</p> <p>Small businesses may expense up to \$1 million of qualifying property. Amount reduced over \$2.5 million in qualifying property. Qualifying property expanded to include assets involved in furnishing multifamily housing and student housing, including furniture and appliances.</p>



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Business Interest Deductibility	Fully deductible for all businesses.	Fully deductible for real estate businesses that elect out of limits on interest deductibility. Limits on interest deductibility apply to firms outside of real estate with exception for businesses with average annual gross receipts of less than \$25 million over past three years.
Like-Kind Exchanges	Available under current law for property held for investment.	Retained for real property.
Carried Interest	Taxed at capital gains rates if held at least 1 year.	Taxed at capital gains rates if held at least 3 years.
Low-Income Housing Tax Credit & Private Activity Bonds	Current Law includes both the LIHTC and Private Activity Bonds.	LIHTC and Private Activity Bonds retained as under current law. Efficacy of LIHTC reduced due to corporate rate reduction.
Estate Tax	\$5.49 million (\$10.98 million per couple) exclusion, 40% rate, and stepped-up basis for inherited assets.	Exclusion doubled. Stepped-up basis retained. Provision after 2025 and tax reverts to current law exemption amount indexed for inflation.
Active Losses	Fully deductible against active income.	Deduction of net active pass-through losses against wage or portfolio income limited to \$500,000 (married filers) and \$250,000 (single filers). Disallowed losses may be carried forward as part of a taxpayer's net operating loss. Provision effective through 2025.
Historic Rehabilitation / New Markets Tax Credits	Historical Rehabilitation Tax Credit available under current law. New Market Tax Credit available under current law through 2019.	The 20% historic credit is retained but claimed over five years. The 10% historic credit for pre-1936 buildings is repealed. New Markets Tax Credit is retained through 2019 as under current law.