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Corporate tax alert
U.S. tax

The latest developments on the international tax provisions of the Tax Cuts and Jobs Act

On 15 December 2017, the conference committee on the Tax Cuts and Jobs Act released its report. With respect to the international tax provisions that differed between the House and Senate versions of the bill, the conferees typically leaned in favour of the Senate version.

Compared to the previous versions of the tax bill, there are some more notable changes:

Business related proposals:

- Corporate tax rate set at 21% (previous proposal was 20), effective as of 1 January 2018
- Full expensing of certain property investments for 5 years
- Pass-through entity owners that meet certain conditions would be eligible for a 20% deduction on their business income
- Interest expense deduction limitations - only one level of interest deduction limitation remains – 30% of adjusted taxable income

International tax related proposals:

- One-time transition tax as part of the shift to territorial taxation – tax rates on accumulated earnings and profits now set at (15.5% for cash and 8% for non-cash earnings and profits)

- New subpart F type of inclusion - 100% of “Global Intangible Low-Taxed Income” (GILTI)

Individual tax related proposals:

- Reduction of top tax rates to 37% compared to current 39.6%
- State tax and property tax deduction up to USD 10,000
- Double the exemption of the estate and generation skipping taxes

For more details, this table summarises the final key provisions where the House and Senate bills differed significantly.

Contacts

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