The Office of U.S. Representative
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Serving Georgia's 7th District

What H.R. 1 Does (and Does Not) Do

Individuals and Families:

- H.R. 1 delivers tax relief at every income level. Specifically, it lowers individual tax rates to 0%, 12%, 25%, and 35% and maintains the top rate of 39.6%, but raises income threshold to $1 million for couples and $500,000 for singles.
- H.R. 1 does not raise taxes on lower income Americans. In fact, it works to deliver tax relief by roughly doubling the standard deduction – from $6,350 to $12,000 for individuals and $12,700 to $24,000 for married couples – which will protect more of each paycheck from taxes. A typical family of four earning $59,000 (the median household income) will receive a $1,182 tax cut.
- H.R. 1 eliminates the personal exemption, but the bill establishes a new Family Credit which includes expanding the Child Tax Credit from $1,000 to $1,600, and it provides a credit of $300 for each parent and non-child dependent. Additionally, H.R. 1 preserves the Earned Income Tax Credit (EITC).
- H.R. 1 eliminates the state and local income tax deduction but allows individuals to write off the cost of state and local property taxes up to $10,000.
- H.R. 1 preserves the Adoption Tax Credit.
- H.R. 1 makes changes to the home mortgage interest deduction, but it could not be further from the truth that these changes will make it harder for Americans to buy a home. That's because H.R. 1 preserves the home mortgage interest deduction for existing mortgages and maintains the home mortgage interest deduction for newly purchased homes for interest on up to $500,000 of mortgage principal.
- H.R. 1 preserves the deduction for charitable contributions.
- H.R. 1 does not change the current tax treatment of popular retirement savings options such as 401(k)s and Individual Retirement Accounts.
- H.R. 1 does not eliminate critical education tax benefits, making it more difficult for Americans to afford the cost of education. In fact, this bill works to help more families offset the cost of both college and vocational training programs by streamlining benefits and simplifying guidelines.

Businesses:

- H.R. 1 lowers the tax rate for pass-through businesses to 25%, but doing so does not create a loophole that wealthy Americans will use to avoid paying taxes. That's because

H.R. 1 was crafted to include many safeguards in the text of the bill to prevent tax avoidance and to distinguish between individual wage income and “pass-through” business income.

- H.R. 1 lowers the corporate tax rate to 20%, but it does not favor big corporations over small, main street businesses. H.R. 1 separates pass-through business income from ordinary wage income, taxing business income at a maximum rate of 25% down from current rates that can be higher than 40%. So effectively, H.R. 1 ensures parity by decreasing the rate of both corporations and main street companies by the same margin of roughly 15%.
- H.R. 1 allows small businesses to deduct more of the cost of new equipment that improves operations and enhances the skills of their workers.
- H.R. 1 preserves the deductibility if interest expenses for small businesses.
- H.R. 1 preserves the Research & Development Tax Credit
- H.R. 1 prevents American jobs, headquarters, and research from moving overseas by eliminating incentives that now reward companies for shifting jobs, profits, and manufacturing plants abroad.
- H.R. 1 modernizes our international tax system so America’s global businesses will no longer be held back by an outdated “worldwide” tax system that results in double taxation for many of our nation’s job creators.

Why?

- Our current tax code has a very real impact on the American people and our economy – and for too long, that impact has been marked by oppressive and complex policies that burden hard-working Americans and stifle economic growth.
- There are too many American families, individuals, and small business owners who are struggling to get by under the current code, much less ahead, and with the “Tax Cuts and Jobs Act,” relief is in sight.
- The tax code is almost six times as long as it was in 1955 and nearly twice as long as in 1985. I hope you’d agree with me that we must put an end to our ever growing tax code that is now riffled with special interest provisions that work only in the best interest of certain taxpayers. We need a fairer, simpler tax code that works in the interest of all Americans, not a select few.
- Family-focused credits in the current tax code are too complicated to understand. Families must go through hundreds of pages of IRS codes and instructions to see if they even qualify for help with tuition costs and family credits. Often times, folks look to outside resources to help them simply understand what credits or assistance they might be eligible for, as well as to make sure they are in compliance with the code. That means folks are spending more money each year on top of their tax bill to simply file their taxes.
- According to the Tax Foundation, our individual tax code ranks 25th among the 35 OECD nations, and our corporate tax code ranks dead last. The worst part is that it’s American workers who are shouldering the cost of our broken tax code in the form of fewer jobs and lower wages.
- I absolutely believe that we will not be successful in curbing budget deficits without successfully approving a pro-growth tax reform plan. Stronger economic growth is a

must if we are going to balance the federal budget. Stronger growth in America means more jobs for more American workers; it also means higher wages and more money in the pockets of American families. And with added growth comes additional federal revenues, and more revenue means smaller deficits and less debt.