

Reforms to Certain Business Tax Expenditures Proposed in the House Tax Cut and Jobs Act

Tax Provision	House Tax Cut and Jobs Act
Certain Business Tax Expenditures	
Deduction for net operating losses	modified and limited
Like-kind exchanges	limited
Contributions to capital	treated as income
Deduction for local lobbying expenses	Repealed
Deduction for domestic production	Repealed
Deduction for entertainment and fringe expenses	Repealed & Modified
Deduction for FDIC premiums	Limited
Gains from publicly traded securities rolled over to specialized small business investment companies	Repealed
Certain self-created property & exchange or sale of patents	Treated as ordinary income, special rule for sale and exchange repealed
Technical termination of partnerships	Repealed
Certain gains on property held for fewer than 3 years for partnership profits	Recharacterized
Research and experimental expenditures	May be amortized
Expenses in contingency fee cases	Modified
Credit for clinical testing expenses	Repealed
Credit for employer-provided child care	Repealed
Credit for rehabilitation	Repealed
Work Opportunity Tax Credit	Repealed
Deduction for unused business credits	Repealed
New Markets Tax Credit	Repealed
Credit for expenses for access of disabled	Repealed
Credit for employer Social Security taxes on tips	Modified
Energy	
Credit for electricity produced from certain renewable resources	Modified
Energy Investment Credit	Modified
Credit for residential energy efficient property	Modified
Residential energy efficient property	Extended then phased out
Enhanced Oil Recovery Credit	Repealed
Credit for producing oil and gas from marginal wells	Repealed
Credit for production from advanced nuclear power facilities	Modified
Bonds	

	Private activity bonds	Interest included in income
	Advance refunding bonds	Interest included in income
	Tax credit bonds	No new bonds
	Bonds to build professional sports stadiums	Interest included in income
Insurance		
	Net operating losses of life insurance companies	Modifications to carry-forward/back
	Small Life Insurance Company Deduction	Repealed
	Computation and adjustment of life insurance tax reserves	Modified
	Surtax on life insurance company income	8%
	Change in computing reserves	Adjusted
	Special rule for distributions to shareholders from pre-1984 policyholders surplus account	Repealed
	Proration rules for property and casualty insurance companies	Modified
	Discounting rules for property and casualty insurance companies	Modified
	Special estimated tax payments	Repealed
Compensation		
	Qualified equity grants	Modified
	Deduction for certain executive compensation above \$1M for performance based pay	Modified
	Excise tax on tax-exempt organization executive compensation	20% on compensation greater than \$1M
Tax-exempt organizations		
	Unrelated business income tax treatment State and local retirement plans	Clarified
	Exclusion of research income	Limited to publicly available research
	Excise tax on private foundation investment income	Modified
	Private operating foundation requirements relating to operation of art museum	Art museum open to public for at least 1,000 hours
	Excise tax based on investment income of private colleges and universities	1.4%
	Exception from private foundation excess business holding tax for independently-operated philanthropic business holdings	Exempt
	Prohibition of political campaign activity for tax-exempt organizations	Modified
	Donor advised fund sponsoring organizations	Modified reporting requirements
Small business		Expanded use of cash method of accounting and other modifications including to the deduction of business interest