

Overview of Tax Reform Bill

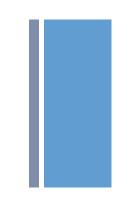
The Wynne Health Group Billy Wynne, Founder & CEO January 9, 2018



* Agenda

- Healthcare-specific items
- 2. Provisions impacting tax exempt organizations
- 3. Corporate tax changes
- 4. Household tax changes





Healthcare-Related Provisions

Individual mandate repealed

Medical expense deduction maintained – reduced to 7.5% for 2018-2019

PAYGO impact on Medicare waived

Orphan drug credit reduced from 50% to 25%



Provisions Impacting Tax-Exempt Organizations

- 20% tax on orgs for total compensation exceeding \$1 million paid to five highest employees and "excessive parachute payments"
- Private activity bond exemption maintained, but advance refundability repealed
- Tax on graduate school tuition waivers and repeal of student loan interest deduction dropped from final bill
- 1.4% excise tax on large university endowments (>\$500k per enrolled student)

Unrelated Business Income Tax

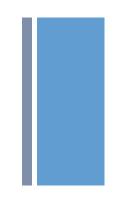
- Must now be calculated separately for each activity
- Does not apply to taxable entities
- Income from licensing names and logos are exempt

Excise Tax Policies Unchanged

- Intermediate sanctions taxes will continue on disqualified persons but not levied at the organization level
- Org managers can rely on prof advice as defense to excise tax liability
- "Rebuttal presumption of reasonableness" remains



Corporate Tax Changes



- Corporate tax rate reduced to 21%
- Territorial tax on international earnings with 13.1% (later 16.4%) tax on IP-generated earnings
- R&D tax credit terms changed
- Corporate AMT repealed
- Repatriation authorized at 15.5% on cash, 8% on illiquid assets (patents, etc.)



Household Tax Changes

| Old Rates | New Rates |
|-----------|-----------|
| 10% | 10% |
| 15% | 12% |
| 25% | 22% |
| 28% | 24% |
| 33% | 32% |
| 35% | 35% |
| 39.6% | 37% |

Additional Changes

- SALT deduction repealed with \$10k allowance for property taxes + income or sales tax
- Standard deduction almost doubled to \$12k/\$24k
- Child tax credit doubled to \$2000
- AMT threshold increased
- 20% deduction for passthrough income
- Estate tax exemption doubled to \$11 million
- Mortgage interest deduction capped at \$750k



