

Providers



Academia



State Government



Investors



Employers & Insurers



Manufacturers



Overview of Tax Reform Bill

The Wynne Health Group
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+ Agenda

1. 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repealed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- Private activity bond exemption maintained, but advance refundability repealed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- Corporate AMT repealed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- SALT deduction repealed with \$10k allowance for property taxes + income or sales tax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 pass-through income
- Estate tax exemption doubled to \$11 million
- Mortgage interest deduction capped at \$750k

Most household-related tax policies expire in 2025

Thank You!

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