Tax Cuts and Jobs Act of 2017 (TCJA) *Key Entity-Specific Tax Provisions*				
Item	***IRC §***	***Effective Date***	***New Law***	***Before Law Change***
C Corporations				
Income Tax Rates	11(b)	Tax years beginning after 2017	The corporate income tax rate is changed to a flat 21%. This rate also applies to personal service corporations (PSCs).	Graduated tax rates applied, with a top rate of 35% if taxable income exceeded $10 million. PSCs were taxed at a flat rate of 35%.
Dividends Received Deduction	243	Tax years beginning after 2017	If the corporation owns at least 20% of another corporation, a 65% dividends received deduction is permitted. Otherwise, the deduction is limited to 50%. If the payor and recipient corporations are members of the same affiliated group, a 100% dividends received deduction is allowed.	If the corporation owned at least 20% of another corporation, an 80% dividends received deduction was permitted. Otherwise, the deduction was limited to 70%. Affiliated group members were allowed a 100% deduction.
Alternative Minimum Tax (AMT)	55	Tax years beginning after 2017	Corporate AMT is repealed.	AMT was imposed on a corporation to the extent its tentative minimum tax exceeded its regular tax. The tentative minimum tax was computed at the rate of 20% on the AMTI in excess of a $40,000 exemption amount that phased out. Certain small corporations were exempt.
Contributions to Capital	118	Contributions to capital after 12/22/17	The term *contributions to capital* does not include (1) any contribution in aid of construction or any other contribution as a customer or potential customer and (2) any contribution by any governmental entity or civic group (other than a contribution made by a shareholder as such).	The gross income of a corporation does not include any contribution to its capital. A contribution to capital did not include any contribution in aid of construction or any other contribution from a customer or potential customer.
S Corporations				
Conversion to C Corporation Status	1371(f)	12/22/17	For distributions of cash by an *eligible terminated S corporation*, the accumulated adjustments account (AAA) is allocated to such distribution, and the distribution is chargeable to accumulated earnings and profits (AE&P) on a pro rata basis. An *eligible terminated S corporation* is a C corporation that (1) was an S corporation before 12/22/17, (2) revoked its S corporation election during the two-year period beginning on 12/22/17 and (3) had the same owners on 12/22/17 and the revocation date.	For an S corporation that converts to a C corporation, distributions of cash by the C corporation to its shareholders during the post-termination transition period (PTTP) (to the extent of the amount in the AAA) are tax-free to the shareholders and reduce the adjusted basis of the stock. The PTTP is generally the one-year period after the S corporation election terminates.
Electing Small Business Trusts	1361(c)(2)	1/1/18	The type of taxpayers who are allowable beneficiaries of Electing Small Business Trusts (ESBTs) is expanded to include nonresident aliens.	An ESBT may be a shareholder of an S corporation. Generally, the eligible beneficiaries of an ESBT include individuals, estates and certain charitable organizations eligible to hold S corporation stock directly.

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Tax Cuts and Jobs Act of 2017 (TCJA)
Key Entity-Specific Tax Provisions (Continued)

Item	*IRC §*	*Effective Date*	*New Law*	*Before Law Change*
Partnerships				
Technical Terminations	708(b)(1)	Tax years beginning after 2017	The technical termination rule is repealed.	A partnership is considered to terminate for tax purposes if, within a 12-month period, there was a sale or exchange of 50% or more of the partnership's capital and profits interests.
Substantial Built-In Loss Rule	743(d)	Transfers of partnership interests after 2017	The definition of a *substantial built-in loss* is expanded to also exist if the recipient of the interest would be allocated a net loss in excess of $250,000 upon a hypothetical disposition of all partnership assets in a fully taxable transaction for cash equal to the assets' FMV immediately after the transfer of the interest.	A partnership must adjust the basis of its property following the transfer of a partnership interest if it had a *substantial built-in loss*. A substantial built-in loss existed if the partnership's adjusted basis in the property exceeded its FMV by more than $250,000.
Charitable Contributions and Foreign Taxes	704	Partnership tax years beginning after 2017	A partner's distributive share of the partnership's charitable contributions and foreign taxes is taken into account in determining the amount of his allowable loss. However, in the case of a charitable contribution of property with a FMV that exceeds its adjusted basis, the partner's distributive share of the excess is not taken into account.	In applying the basis limitation on partner losses, IRS regulations did not take into account the partner's share of partnership charitable contributions and foreign taxes. This differed from the rules for S corporation shareholders.
Nonprofit Organizations				
Excise Tax on Excess Executive Compensation	4960	Tax years beginning after 2017	A new 21% excise tax is imposed on tax-exempt organizations that pay excessive compensation to their top executives. The tax applies to the sum of (1) compensation in excess of $1 million paid to a covered employee and (2) any excess parachute payment made to a covered employee. A *covered employee* is one of the five highest compensated employees of the tax-exempt organization for the tax year or was a covered employee of the organization (or a predecessor) for any preceding tax year beginning after 2016. Special rules apply to compensation paid to licensed medical professionals.	No provision.
Excise Tax on Investment Income of Private Colleges and Universities	4968	Tax years beginning after 2017	A new 1.4% excise tax is imposed on the net investment income of certain private colleges and universities. The college or university must have at least 500 students, more than 50% of which are located in the U.S. In addition, the college or university must have assets (other than those used directly in carrying out the institution's exempt purpose) of at least $500,000 per student.	No provision.
Unrelated Business Taxable Income (UBTI) Calculation	512(a)	Tax years beginning after 2017	When computing UBTI, losses from one unrelated trade or business may not be used to offset income derived from another unrelated trade or business. Therefore, nonprofit organizations must separately calculate and apply their unrelated business gains and losses.	In determining UBTI, an organization that operated multiple unrelated trades or businesses aggregated income from all such activities and subtracted from the aggregate gross income the aggregate of deductions. As a result, a deduction from one unrelated trade or business could offset income from another, thereby reducing total UBTI.

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Tax Cuts and Jobs Act of 2017 (TCJA)
Key Entity-Specific Tax Provisions (Continued)

Item	*IRC §*	*Effective Date*	*New Law*	*Before Law Change*
Trusts and Estates				
Income Tax Rates and Brackets	1(j)(1) and (2)	Tax years beginning after 2017 and before 2026	The following four income tax brackets apply to trusts and estates: 10%, 24%, 35% and 37%. The specific brackets and the income levels at which they apply, compared to prior law, are shown in the chart below.	The following five tax brackets applied to trusts and estates: 15%, 25%, 28%, 33% and 39.6%.

Trust and Estate Income Tax Rates

Prior Law (2018)		
Over	*But not over*	*Rate*
$ 0	$ 2,600	15%
2,600	6,100	25%
6,100	9,300	28%
9,300	12,700	33%
12,700		39.6%

New Law (2018)		
Over	*But not over*	*Rate*
$ 0	$ 2,550	10%
2,550	9,150	24%
9,150	12,500	35%
12,500		37%

Notes