

Treatment of Key Gaming Industry Priorities in Tax Reform

Provision	Conference Report
Corporate Tax Rate	Single-rate 21 percent corporate income tax. Effective Jan. 1, 2018.
Capital Investment	Allows full (100 percent) expensing of short-lived capital investment, such as machinery and equipment, for five years, then phases out the provision over the subsequent five, and raises Section 179 small business expensing cap to \$1 million with a phaseout starting at \$2.5 million.
Alternative Minimum Tax	Corporate AMT is repealed.
Tax Treatment of Interest	Caps net interest deduction at 30 percent of earnings before interest, taxes, depreciation, and amortization (EBITDA) for four years, and 30 percent of earnings before interest and taxes (EBIT) thereafter. Provides disallowed interest to be carried forward indefinitely. Exempts small businesses with gross receipts less than \$25 million annually. Interest limitations exclude real property trades, which includes REITS and businesses operating a lodging facility. Agreement does not include limitations for worldwide group.
Net Operating Loss (NOL) Provisions	Eliminates net operating loss carrybacks while providing indefinite net operating loss carryforwards, limited to 80 percent of taxable income.
Deduction of Gambling Losses	Itemizers can continue to deduct losses to the extent of winnings. Limits professional gamblers deduction of losses and expenses to the extent of winnings, which was status quo prior to 2011 tax court ruling. Sunsets after 2025.
Business Credits and Deductions	Preserves R&D credit. Amortizes credit after 2021.
International Income	Moves to a territorial system with anti-abuse rules and a base erosion anti-abuse tax (BEAT) at a standard rate of 5 percent of modified taxable income over an amount equal to regular tax liability for the first year, then 10 percent through 2025 and 12.5 percent thereafter, with higher rates for banks.
Deemed Repatriation	Enacts deemed repatriation of currently deferred foreign profits at a rate of 15.5 percent for liquid assets and 8.0 percent for illiquid assets.