Looking ahead to the expiration of the TCJA

The current tax code has been in place since the Tax Cuts and Jobs Act (TCJA) was signed into law in late 2017. Most provisions, including personal income tax rates and brackets, expire at the end of 2025, unless Congress acts. The 21% corporate tax rate and long-term capital gains tax rates do not expire. Here is a comparison of how taxes would differ upon expiration of the TCJA.

Current tax rates vs. projections upon expiration of the TCJA

Single filers:

Taxable Income	2023 tax rates	Projected tax rates	Difference
$0 - $11,000	10%	10%	**0.0%**
$11,001 - $44,725	12	15	**3.0**
$44,726 - $95,375	22	25	**3.0**
$95,376 - $108,000	24	25	**1.0**
$108,001 - $182,100	24	28	**4.0**
$182,101 - $225,400	32	28	**4.0**
$225,401 - $231,250	32	33	**1.0**
$231,251 - $490,000	35	33	**2.0**
$490,001 - $492,000	35	35	**0.0**
$492,001 - $578,125	35	39.6	**4.6**
Over $578,125	37	39.6	**2.6**

Married couples filing a joint return:

Taxable Income	2023 tax rates	Projected tax rates	Difference
$0 - $22,000	10%	10%	**0.0%**
$22,001 - $89,450	12	15	**3.0**
$89,451 - $180,000	22	25	**3.0**
$180,001 - $190,750	22	28	**6.0**
$190,751 - $274,400	24	28	**4.0**
$274,401 - $364,200	24	33	**9.0**
$364,201 - $462,500	32	33	**1.0**
$462,501 - $490,000	35	33	**2.0**
$490,001 - $553,600	35	35	**0.0**
$553,601 - $693,750	35	39.6	**4.6**
Over $693,750	37	39.6	**2.6**

Sources: Internal Revenue Service and Putnam research. Projected tax rates are estimated, based on analysis of 2017 tax rates prior to passage of the TCJA, with tax bracket figures adjusted to account for annual inflation adjustments through 2023. Figures in red indicate an increase in tax rate upon TCJA expiration. Figures in green indicate where tax rates at certain income levels would decrease upon expiration of the TCJA.

Comparison of key tax provisions

Provision	2023	Post-TCJA expiration
Standard deduction	$13,850 for individuals, $27,700 for couples	Reduced roughly in half; prior to TCJA the standard deduction was $6,350 for individuals, $12,700 for couples
State and local tax deduction (SALT)	Capped at a maximum of $10,000	No cap applies, deductions phase-out at higher income levels due to the Pease limitation (phase-out begins at $261,500 for individuals, $313,800 for couples)
Mortgage interest deduction	Limited to interest on $750,000 of qualified debt	Limited to interest on $1,000,000 of qualified debt and an additional $100,000 of qualified home equity interest debt
Miscellaneous deductions	Not available	Applicable once deductions exceed 2% of AGI; examples include investment fees, job search expenses, uniforms, unreimbursed work-related expenses
Personal exemptions	Not available	$4,050 per taxpayer and qualified dependents; phase-out at higher income levels begins at $261,500 for individuals, $313,800 for couples
Child Tax Credit	$2,000 per qualifying child (under age 17), $500 for other dependents, phase-out begins $200,000 for individuals, $400,000 for couples	$1,000 per qualifying child with income phase-outs beginning at $75,000 for individuals, $110,000 for couples
Alternative Minimum Tax (AMT)	Applies to relatively few taxpayers given high exemption amounts ($81,300 for individuals, $126,500 for couples) and income phase-out amounts ($578,150 for individuals, $1,156,300 for couples)	AMT would apply to significantly more taxpayers due to much lower exemption and income phase-out amounts
Deduction for Qualified Business Income (QBI)	20% deduction applicable for pass-through businesses depending on circumstances	Not available
Estate and gift tax	Unified lifetime exclusion amount is $12,920,000 per individual	Unified lifetime exclusion amount reduced roughly by half

Post-TCJA expiration figures are based on 2017 tax law prior to the TCJA and do not reflect annual inflation adjustments. QBI deduction is subject to income phase-outs (beginning at $182,100 for individuals, $364,200 for couples) if the business is considered a Specified Service Trade or Business (SSTB). Other limitations to the QBI deduction may apply to non-SSTBs.

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