



Analysis: Our 9 Takeaways from Tax Reform

Published on December 20, 2017



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Congress is on track to send historic tax reform legislation to President Trump's desk shortly. While no legislation of this magnitude is ever perfect, the final package includes a number of provisions that can be considered "wins" for marine manufacturers and the recreational boating industry. Some highlights of the tax package:

- No new luxury tax on boat sales.
 - o This was a priority for NMMA, and we were successful in ensuring no new luxury tax was ever considered.
- Preservation of the 2nd home interest deduction for boats.
 - o NMMA lobbied for parity with regard to the 2nd home interest deduction for boats. We didn't want boats to be unfairly singled out and we were successful in this regard. The 2nd home interest deduction will remain without changes to boat eligibility. However, the tax reform package does lower the mortgage interest cap from \$1 million to \$750,000.
- Lower corporate rate.
 - o NMMA lobbied for lower corporate rates to ensure manufacturers can remain globally competitive and spur capital investment to create jobs and sustain economic



and also repeals the corporate Alternative Minimum Tax (AMT).

- Lower pass-through rate.

- o Many of NMMA's members are organized as pass-throughs. Under current law, pass-throughs are taxed up to 39.6%. Under the new package, pass-throughs would be taxed up to 37%, with a 20% deduction of qualified business income.

- Lower individual rates.

- o The new tax reform package also lowers individual tax rates. This will ensure people have more take-home pay and disposable income. You can find a breakdown of those brackets [here](#).

- Doubling the standard deduction.

- o The tax reform package nearly doubles the standard deduction, raising it to \$12,000 for individuals and \$24,000 for joint filers.

- Changes to the estate tax.

- o In order to protect family owned marine manufacturing plants, NMMA had asked for the estate tax to be repealed. While the final package falls short of full repeal, it does double the exemption from \$5.6 million to \$11.2 million.

- Allows for immediate expensing.

- o NMMA had asked for immediate expensing of capital investments so that businesses can continue to reinvest and grow. The final tax package allows for full and immediate expensing of short lived capital investments for five years. It also increases the Section 179 expensing cap from \$500,000 to \$1 million.

- Preserves the R&D tax credit.

- o The R&D tax credit is important to many manufacturers in order to spur innovation and new technology. This credit is preserved under the reform package.



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