



# TaxNewsFlash

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## Legislative update: House passes bill to modify state and local tax deduction limitation

The U.S. House of Representatives today passed by a vote of 218 to 206, H.R. 5377, “Restoring Tax Fairness for States and Localities Act”—a bill to modify the state and local tax (SALT) deduction.

### Summary of provisions

- For tax years beginning in 2019, the bill generally would increase the allowable itemized deduction for state and local taxes to \$20,000 for married individuals filing a joint return and \$10,000 for married individuals filing a separate return for any taxpayer with adjusted gross income for such tax year that does not exceed \$100 million.
- For tax years beginning in 2020 and 2021, the bill generally would eliminate the limitation on itemized deductions for state and local taxes for any taxpayer with adjusted gross income for such tax year that does not exceed \$100 million.
- For tax years beginning after December 31, 2019, the bill would increase the top individual income tax rate of 37% to 39.6% and would reduce the dollar amounts at which the 39.6% bracket begins.

The bill also includes an increase to the amount of allowable certain deductible expenses of teachers and first responders.

The bill will now be sent to the Senate where its prospects are uncertain.

The White House released a [Statement of Administration Policy](#) [PDF 101 KB] indicating that the president’s senior advisors would recommend that the bill be vetoed.

### Documents

Read [text of the legislation](#) [PDF 61 KB]

Read a description prepared by the Joint Committee on Taxation: [JCX-52-19](#)

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