

1 “(3) EXCESS BUSINESS LOSS.—For purposes of
2 this subsection—

3 “(A) IN GENERAL.—The term ‘excess busi-
4 ness loss’ means the excess (if any) of—

5 “(i) the aggregate deductions of the
6 taxpayer for the taxable year which are at-
7 tributable to trades or businesses of such
8 taxpayer (determined without regard to
9 whether or not such deductions are dis-
10 allowed for such taxable year under para-
11 graph (1)), over

12 “(ii) the sum of—

13 “(I) the aggregate gross income
14 or gain of such taxpayer for the tax-
15 able year which is attributable to such
16 trades or businesses, plus

17 “(II) \$250,000 (200 percent of
18 such amount in the case of a joint re-
19 turn).

20 “(B) ADJUSTMENT FOR INFLATION.—In
21 the case of any taxable year beginning after De-
22 cember 31, 2018, the \$250,000 amount in sub-
23 paragraph (A)(ii)(II) shall be increased by an
24 amount equal to—

25 “(i) such dollar amount, multiplied by

1 “(ii) the cost-of-living adjustment de-
2 termined under section 1(f)(3) for the cal-
3 endar year in which the taxable year be-
4 gins.

5 If any amount as increased under the pre-
6 ceding sentence is not a multiple of
7 \$1,000, such amount shall be rounded to
8 the nearest multiple of \$1,000.

9 “(4) APPLICATION OF SUBSECTION IN CASE OF
10 PARTNERSHIPS AND S CORPORATIONS.—In the case
11 of a partnership or S corporation—

12 “(A) this subsection shall be applied at the
13 partner or shareholder level, and

14 “(B) each partner’s or shareholder’s allo-
15 cable share of the items of income, gain, deduc-
16 tion, or loss of the partnership or S corporation
17 for any taxable year from trades or businesses
18 attributable to the partnership or S corporation
19 shall be taken into account by the partner or
20 shareholder in applying this subsection to the
21 taxable year of such partner or shareholder
22 with or within which the taxable year of the
23 partnership or S corporation ends.

1 For purposes of this paragraph, in the case of an S
2 corporation, an allocable share shall be the share-
3 holder's pro rata share of an item.

4 “(5) ADDITIONAL REPORTING.—The Secretary
5 shall prescribe such additional reporting require-
6 ments as the Secretary determines appropriate to
7 carry out the purposes of this subsection.

8 “(6) COORDINATION WITH SECTION 469.—This
9 subsection shall be applied after the application of
10 section 469.”.

11 (b) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to taxable years beginning after
13 December 31, 2017.

14 **PART III—TAX BENEFITS FOR FAMILIES AND**
15 **INDIVIDUALS**

16 **SEC. 11021. INCREASE IN STANDARD DEDUCTION.**

17 (a) IN GENERAL.—Subsection (c) of section 63 is
18 amended by adding at the end the following new para-
19 graph:

20 “(7) SPECIAL RULES FOR TAXABLE YEARS 2018
21 THROUGH 2025.—In the case of a taxable year begin-
22 ning after December 31, 2017, and before January
23 1, 2026—

24 “(A) INCREASE IN STANDARD DEDUC-
25 TION.—Paragraph (2) shall be applied—