

The information below is from a 12/18/17 email from Sarah Dodge of AIA's Advocacy and Relations office; revised slightly to make it timelier.

On Friday night (12/15/17), the House and Senate Conference Committee released their version of the tax reform legislation. After combing through the massive bill, AIA National is encouraged by the changes made as the bill moved through the legislative process. This legislation moved through both chambers at lightning speed, but thanks to the rapid response of AIA's members across the country we are pleased to say that we made significant progress for architects.

Pass-throughs: The bill allows for a 20 percent deduction for businesses organized as "pass-through" entities like S-corps, sole proprietorships and Limited Liability Partnerships, subject to income limitations. (Both the House and Senate bills would have greatly restricted this deduction for "service" businesses like doctors, lawyers, architects and engineers.) The bill now specifically states that architecture and engineering firms are not subject to the limiting provision that applies to other service businesses. **This tax relief for architects who organize as pass through companies - which includes the majority of U.S. architecture firms - is a big deal!**

Historic Tax Credit: The original House draft abolished the Historic Tax Credit (HTC) altogether. The final conference agreement bill kept the HTC and added flexibility for architects wishing to utilize the 20 percent credit.

Energy Efficiency Tax Credit: Although the tax reform bill does not include language to reinstate the 179D Deduction for energy efficiency in commercial buildings, there is a chance that Congress could consider separate legislation to extend 179D and other expired tax provisions. AIA is working with a broad coalition of stakeholders to advocate for this approach, and is supporting efforts to extend expiring tax provisions outside of the tax reform process. More on this soon - stay tuned!

As new AIA President, Carl Elefante, FAIA said in a press release ([here](#)), "We owe a deep debt of gratitude to our members for their efforts in reaching out to their elected representatives to make our views known and to make this legislation better for architects and the country. It's clear that the conferees listened to our members, who showed the power of our profession to effect change even when the obstacles to change are huge."

Thank you for speaking up for the profession and for making your voice heard.