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## Trump’s Tax Cuts and Jobs Act and Higher Education

BY TERRENCE J. BRIGGS • APRIL 3, 2018

### Seats in the stadium or field house may be up for grabs.

Early on, it looked like the revisions to the tax code to be built into the Tax Cuts and Jobs Act would punish higher education. Happily, most of the punishment (which was being doled out by the House) was stripped in the final version signed by the President. The Lifetime Learning Credit and Student Loan Interest Deduction survived, for two.

Not everything was good for colleges and universities. For example, there is a fear that the doubling of the standard income tax deduction will lead to fewer charitable contributions, including those for higher education, because fewer people will itemize deductions. State budgets may be affected in their support of state educational institutions with the changes to and reduction in taxpayers’ ability to fully deduct state and local taxes.

A disproportionate number of New England schools may see their endowments subject to a 1.4% excise tax, which will probably lead to less money from those endowments spent on education and students. Compensation greater than $1.0 million for certain officials and some excess parachute payments will be subject to a 21% excise tax, the new corporate income tax rate.

But the big one that might hit the big donors is this: They will no longer be able to exclude 80% of the amount that they have paid for the right to purchase tickets to athletic events. The gain to the Treasury from this change is only worth $2.0 billion, so not a big deal in terms of deficit reduction, but it could be the cause of significantly fewer and smaller contributions from boosters of the school’s athletic teams. If you love your teams and have the money, some great seats might open up.

*Client Tip: This bill was pushed through without a lot of consultation with tax law experts in Washington. There is lots and lots that we don’t know about how these new provisions will be interpreted or implemented. Keep an eye open for regulations and other guidance from both the IRS and Treasury. Consult with your tax attorneys and accountants.*