

Professional Services Not Covered By Pass-Through Tax Rate

The specifics of the *Tax Cuts and Jobs Act* were recently unveiled to mixed reviews. A provision sure to draw the eye of law firms excludes professional service firms from a capped 25% tax rate.



Read the full text of the tax bill, a section-by-section guide from the House Ways & Means Committee, and recent legal news covering the bill:

Tax Cuts and Jobs Act

**House Ways & Means Committee:
Section-By-Section Guide
For Tax Bill**

**Recent Legal News Covering
The Tax Bill**

No Breaks for Law Firms

Under the proposed legislation, pass-through entities such as partnerships, LLCs or S corporations are eligible to pay the capped 25 percent tax rate on a portion of their revenue share — usually 30 percent — but professional services firms are called out directly in the bill as excluded from the provision. Instead, law firm partners must pay personal income taxes on their full share of revenue, which tops out at 39.6 percent. [*GOP Tax Cuts' Law Firm Exclusion Could Bring Pushback, Law360, November 3, 2017.*](#)