

SUMMARY OF TAX CUTS AND JOBS ACT OF 2017

- The standard deduction for married couples in 2018 is increased to 24,000.00, though personal exemptions have been eliminated. For heads of household the standard deduction is \$18,000.00 and it is \$12,000.00 for single filers.
- For 2017 the personal exemption amount is \$4050.00 per person in your household. These exemptions have been eliminated going forward.
- Here is an overview of 2018 tax rates. This is the rate imposed on your taxable income after deductions:

Rate	SINGLE	MFJ	HOH
10%	\$0	\$0	\$0
12%	\$9,525	\$19,050	\$13,600
22%	\$38,700	\$77,400	\$51,800
24%	\$82,500	\$165,000	\$82,500
32%	\$157,500	\$315,000	\$157,500
35%	\$200,000	\$400,000	\$200,000
37%	\$500,000	\$600,000	\$500,000

- If you are an owner of a pass-through entity (Partnership, S-Corporation), you may be eligible for a deduction of up to 20% of your pass-through income. This section of the law is complicated and has multiple limitations and exclusions. **If you currently file your business tax return using a schedule C as part of your 1040, it may be advisable for you to make the election to be taxed as a subchapter S-Corporation for 2018. This election should be filed before March 15. Please contact the office if you would like a more detailed explanation.**
- The child tax credit has been increased to \$2,000.00 per qualifying child. The current credit is \$1,000.00 per qualifying child.
- There is a new credit for non-child dependents of \$500.00 per dependent. This will be nice for those of you with college-age children.
- The child tax credit used to phase-out for many of you. The new phase out levels are much higher. The credits phase out at \$400,000.00 for married filers and \$200,000.00 for joint filers.
- The itemized deduction for state and local income and property taxes is limited to a total of \$10,000 starting in 2018.
- Mortgage interest is limited to interest on debt of up to \$750,000.00. This is for homes acquired after 12/31/2017. There will no longer be a deduction of any kind for home equity loan interest.

- There is no longer a deduction for miscellaneous itemized deductions. These deductions were used by most for investment expenses and unreimbursed employee business expense.
- *Medical expenses.* The medical expense deduction remains intact and the threshold has changed back to 7.5% for all filers. This includes medical expenses incurred and paid in 2017.
- Starting in 2019 there is no longer a penalty for failing to maintain health insurance that is ACA compliant.
- There is no longer a deduction for moving expenses except for members of the armed forces in certain cases.
- For divorce decrees entered in to after 2018 alimony is not deductible to the paying spouse and not taxable income to the spouse receiving the payments.
- There is no longer a deduction for casualty and theft losses unless you are in a federally declared disaster area.
- 529 plans may now be used for public, private, or religious elementary or secondary school tuition and certain expenses.