

# 2018

## Tax Cuts & Jobs Act

INDIVIDUAL PROVISION	DESCRIPTION
EFFECTIVE	Generally, tax years beginning after 12/31/17 & before 01/01/2026.
TAX RATES	10%, 12%, 22%, 24%, 32%, 35% & 37% Imposes highest rate at taxable income of \$500,000 (S/HOH) & \$600,000 (MFJ). *Marriage penalty imposed at highest brackets
EXEMPTIONS	Suspended to 2026
CHILD TAX CREDIT	Increases to \$2,000 (\$1,400 refundable) for children under 18 & adds \$500 for other dependents. Phase out increased to begin at \$200,000 (S/HOH) & \$400,000 (MFJ).
STANDARD DEDUCTION	Increases to \$12,000 (S; MFS); \$18,000 (HOH) & \$24,000 (MFJ; QW)
MEDICAL DEDUCTION	Allows excess of 7.5% of AGI for 2017 & 2018.
STATE & LOCAL TAXES	Suspends all Schedule A individual state & local tax; sales tax & property tax deductions above \$10,000. *Bill specifically prohibits deduction for prepaid 2018 state income taxes.
MORTGAGE INTEREST	Reduces acquisition debt from \$1,000,000 to \$750,000 for debt incurred after 12/15/17. Suspends equity debt interest deduction.

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CHARITABLE CONTRIBUTIONS	Increases the 50% AGI limitation on cash contributions to public charities & certain private foundations to 60%.
MISC ITEMIZED DEDUCTIONS	Suspends all miscellaneous itemized deductions that are subject to the 2% AGI limitation. Retains presidentially declared casualty losses.
PHASE-OUT OF ITEMIZED DEDUCTIONS	Suspends the phase-out of itemized deductions.
AMT	Retains AMT but increases exemption amount to \$70,300 (S/HOH) & \$109,400 (MFJ). Phase out of exemption increased to \$500,000 (S/HOH) & \$1,000,000 (MFJ).
ADOPTION CREDIT	Retains
PRINCIPAL RESIDENCE EXCLUSION	Retains as in current law
MOVING EXPENSE DEDUCTION	Suspends the moving expense deduction except for military. There is a corresponding provision that makes moving expense reimbursement taxable.
ALIMONY DEDUCTION	Suspends the alimony paid deduction for agreements executed after 12/31/18. There is a corresponding repeal of the provisions providing inclusion of alimony in gross income.
TEACHER DEDUCTION	Retains at \$250.

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529 TUITION SAVINGS PLAN	Allows a qualified distribution for K-12 tuitions up to \$10,000. *For contributions after 12/31/2017
IRA RECHARACTERIZATION	Suspends recharacterization rule
ESTATE TAXES	Doubles exemption to about \$11,000,000, but does not repeal.
ACA INDIVIDUAL MANDATE PENALTY	Reduces penalty to zero after 2018.