

Highlights

“Tax Cuts and Jobs Act of 2017”

Individual Taxes and Rates

Current Law

Final Bill (Passed)

2018 Tax Rates (Single)

Taxable Income Range	Rate
\$0 to \$9,525	10%
\$9,525 to \$38,700	15%
\$38,700 to \$93,700	25%
\$93,700 to \$195,450	28%
\$195,450 to \$424,950	33%
\$424,950 to \$426,700	35%
Over \$426,700	39.60%

Taxable Income Range	Rate
\$0 to \$9,525	10%
\$9,525 to \$38,700	12%
\$38,700 to \$82,500	22%
\$82,500 to \$157,500	24%
\$157,500 to \$200,000	32%
\$200,000 to \$500,000	35%
Over \$500,000	37%

2018 Tax Rates (Married Filing Joint)

Taxable Income Range	Rate
\$0 to \$19,050	10%
\$19,050 to \$77,400	15%
\$77,400 to \$156,150	25%
\$156,150 to \$237,950	28%
\$237,950 to \$424,950	33%
\$424,950 to \$480,050	35%
Over \$480,050	39.60%

Taxable Income Range	Rate
\$0 to \$19,050	10%
\$19,050 to \$77,400	12%
\$77,400 to \$165,000	22%
\$165,000 to \$315,000	24%
\$315,000 to \$400,000	32%
\$400,000 to \$600,000	35%
Over \$600,000	37%

2018 Tax Rates (Head of Household)

Taxable Income Range	Rate
\$0 to \$13,600	10%
\$13,600 to \$51,850	15%
\$51,850 to \$133,850	25%
\$133,850 to \$216,700	28%
\$216,700 to \$424,950	33%
\$424,950 to \$453,350	35%
Over \$453,350	39.60%

Taxable Income Range	Rate
\$0 to \$13,600	10%
\$13,600 to \$51,800	12%
\$51,800 to \$82,500	22%
\$82,500 to \$157,500	24%
\$157,500 to \$200,000	32%
\$200,000 to \$500,000	35%
Over \$500,000	37%

Individual Taxes and Rates

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2018 Capital Gains/ Dividends Tax Rates (Single)

Taxable Income Range	Rate
\$0 to \$38,600	0%
\$38,600 to \$425,800	15%
Over \$425,800	20%

Same as current law

2018 Capital Gains/ Dividends Tax Rates (Married Filing Joint)

Taxable Income Range	Rate
\$0 to \$77,200	0%
\$77,200 to \$479,000	15%
Over \$479,000	20%

Same as current law

2018 Capital Gains/ Dividends Tax Rates (Head of Household)

Taxable Income Range	Rate
\$0 to \$51,700	0%
\$51,700 to \$452,400	15%
Over \$452,400	20%

Same as current law

Alternative Minimum Tax

Assessed at 26% or 28%

Increased exemption amount

Individual Deductions

Current Law

Final Bill (Passed)

2018 Personal Exemption

\$4,150 deduction for taxpayer, spouse, and each dependent

Eliminated

2018 Standard Deduction

\$6,500 Single
\$13,000 Married Filing Joint
\$9,550 Head of Household

\$12,000 Single
\$24,000 Married Filing Joint
\$18,000 Head of Household

2018 Itemized Deductions

Medical Expense Deduction

Medical expenses in excess of 10% of Adjusted Gross Income (AGI) are deductible.

Medical Expense Deduction

Medical expenses in excess of 7.5% of Adjusted Gross Income (AGI) are deductible beginning 12/31/16 and ending 1/1/19

Mortgage Interest Deduction

Mortgage interest and home equity line interest is deductible. Interest is deductible on up to \$1,000,000 of mortgage debt and \$100,000 of home equity principal. Mortgage interest on a second home can be deducted.

Mortgage Interest Deduction

Elimination of home equity line interest deduction. Mortgage interest deduction is deductible on up to \$750,000 of mortgage debt for any debt incurred after 12/15/17. Existing mortgages remain subject to the \$1,000,000 limitation.

State & Local Tax Deduction

State and local income taxes (or if greater, sales taxes), real estate taxes, and personal property taxes are deductible.

State & Local Tax Deduction

Eliminated except (property taxes paid in an income-producing activity will still remain deductible) a taxpayer may claim an itemized deduction for up to \$10,000 in state property and income tax.

Miscellaneous Deductions

Excess miscellaneous deductions above a 2% AGI threshold are deductible.

Miscellaneous Deductions

Eliminated

Individual Credits

Current Law

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Child Tax Credit

Taxpayers can claim a \$1,000 tax credit children under 17, with phaseouts starting at \$75,000 (single) and \$110,000 (joint).

Taxpayers with children under 18 are eligible for a \$2,000 credit. A \$500 credit is available for non-child dependents. These credits phase out for taxpayers earning over \$400,000 on a married filing joint return.

Education Credit

Hope Scholarship Credit & American Opportunity Credit are designed for students in their first four years of university. The Lifetime Learning Credit is designed for any student attending university.

No change

Business Taxes and Rates

Current Law

Final Bill (Passed)

Corporate Tax Rate

35%

21%

Pass-Through Tax Rate

Consistent with individual rates

Same as individual rates, however, the taxpayer will receive a deduction equal to 20% of the pass-through's qualified business net income. The 20% deduction is limited to 50% of the taxpayer's W-2 wages paid by the partnership, s-corp, or sole proprietorship. Other restrictions and limits apply.

Corporate Alternative Minimum Tax

20%

Repealed

Business Deductions

Current Law

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Bonus Depreciation

2018 bonus depreciation on qualifying property of 40%.

100% bonus depreciation for qualifying property placed into service between 9/27/2017 and 12/31/2022 with reductions afterward.

Sec. 179 Depreciation

\$500,000 of qualifying property (indexed to inflation) eligible to expense.

From 2018 to 2022, business are eligible to expense up to \$1,000,000 in qualifying property.

Net Operating Loss Deduction

Taxpayers can deduct NOL carryovers or carrybacks up to 100% of taxable income. An NOL can be carried back two years or forward 20 years.

Taxpayers can deduct NOL carryovers or carrybacks up to 90% of taxable income (80% after 12/31/2022) . In addition, carrybacks will be repealed and carryforwards will carry forward indefinitely.

Entertainment Expenses

Businesses can deduct 50% of meals & entertainment.

Deductions for entertainment, amusement, or recreation will no longer be deductible.

Interest

Interest is fully deductible.

Net interest expense in excess of 30% of a business's adjusted taxable income would be limited. This provision does not apply for business with gross receipts less than \$25M.

Estate and Gift Taxes and Rates

Current Law

Final Bill (Passed)

Estate & Gift Tax Rate

2018 federal estate and gift tax exclusions set at \$5,600,000.

Increased federal estate and gift tax exclusion to \$11,200,000 (adjusted with inflation) for those dying and gifts made after 2017 and before 12/31/2025. The federal estate tax is not repealed.

Generation-Skipping Transfer Tax

2018 GST tax exclusion set at \$5,600,000.

Increased federal GST exclusion to \$10,000,000 (adjusted with inflation) for generation-skipping transfers made after 12/31/2017 and before 12/31/2025. The federal generation-skipping transfer tax is not be repealed.