2018—TAX INFO YOU NEED **PERSONAL**

The Impact of Tax Law Changes For 2018 Filing Season

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- ✓ Please share this newsletter with your friends and co-workers
  - o We do not charge for initial consultations.

Personal Tax

- Unless otherwise noted, changes to personal income tax rates, brackets, and deductions will be in effect only for the tax years 2018 through 2024. Beginning in 2025, tax laws will revert to 2017 law unless congress acts in the interim.

Tax brackets and rates:

- The new tax brackets widened slightly for taxpayers in the lower two brackets and tax rates decreased by an average of 3% for single taxpayers with taxable income below $82,500.00 and married taxpayers with taxable income below $165,000.00.

Taxable income up to:

Tax Rate	Single	Married Filing Jointly
12%	**$38,700.00**	**$77,400.00**
22%	**$82,500.00**	**$165,000.00**
24%	**$157,500.00**	**$315,000.00**

Standard Deduction and exemptions:

Standard deduction will be raised

- $24,000.00 for married couples filing jointly, $12,000.00 for single taxpayers and $18,000.00 for Head of Household. An additional Standard Deduction of $1,300.00 is allowed for both taxpayer and spouse if they are over the age of 65 or blind

Personal exemptions will be eliminated.

- The personal exemption was $4,050.00 for 2017.

Child Tax Credit:

The Child Tax Credit will double

- $2,000.00 per eligible child beginning in 2018 with up to $1,400.00 of that credit refundable.

Refundable means it can generate a refund in excess of the tax liability.

- A new credit of $500.00 will be allowed for each qualified dependent who is not a qualifying child.
    - ✓ This new credit is not refundable.

529 Plans:

Non-taxable distributions up to $10,000.00 per student can be used to pay for tuition for public, private, or religious elementary or secondary school, including kindergarten.

Medical expense:

- Medical expenses in excess of 7.5% of Adjusted Gross Income can be deducted for all taxpayers for the 2017 and 2018 tax years.
    - Taxpayers over 65 have been at that level for the past three years.
        - ✓ Beginning in 2019, expenses are limited to the amount over 10% of AGI.

State and Local Tax deduction:

The aggregate deduction for state and local taxes and

- real estate taxes will be limited to $10,000.00
    - $5,000.00 if married filing separately.
- Personal property tax (tax on automobiles, etc.) is no longer deductible.
- Real estate tax on foreign property is no longer deductible.

Mortgage Interest:

The deduction for mortgage loan interest is capped at $750,000.00 of mortgage loan debt. The deduction is allowed for first or second homes. A limit of $1,000,000.00 applies if the taxpayer entered into a binding contract before December 15, 2017 and the purchase is completed before April 1, 2018.

There is no longer a deduction for HomeEquity interest.

Sale of principal residence:

No change in the exclusion of gain. Gain on the sale of a principal residence is excluded up to $500,000.00 if married filing jointly and $250,000.00 for all other filing statuses if the home has been both owned and lived in for at least 2 of the prior 5 years.

Capital Gains:

No change in the capital gain rates.

Miscellaneous Deductions:

- Moving expense is no longer deductible
    - except for members of the Armed Forces of the US on active duty.

2018—TAX INFO YOU NEED TO KNOW—2018

- Casualty losses are allowed only when covered by specific federal disaster declarations.
- All other miscellaneous deductions, including…
  - employee business expenses are no longer allowed.