



Tax Reform: Major Changes and How They Could Affect You

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Exemptions

- ▶ No personal exemptions through 12/31/25
- ▶ Current W-4 forms will be used for now
 - ▶ Changes to withholding tables take effect in February
 - ▶ IRS.gov withholding calculator
 - ▶ Good idea to check your withholding
- ▶ IRS will revise W-4 forms

Standard Deductions

- ▶ Increase in effect 2018
 - ▶ \$24,000 MFJ
 - ▶ \$18,000 HOH
 - ▶ \$12,000 All other filing statuses

New Tax Brackets

Married Filing Joint Returns and Surviving Spouses

If taxable income is:	Then income tax equals:
Not over \$19,050	10% of the taxable income
Over \$19,050 but not over \$77,400	\$1,950 plus 12% of the excess over \$19,050
Over \$77,400 but not over \$165,000	\$8,907 plus 22% of the excess over \$77,400
Over \$165,000 but not over \$315,000	\$28,179 plus 24% of the excess over \$165,000
Over \$315,000 but not over \$400,000	\$64,179 plus 32% of the excess over \$315,000
Over \$400,000 but not over \$600,000	\$91,379 plus 35% of the excess over \$400,000
Over \$600,000	\$161,379 plus 37% of the excess over \$600,000

New Tax Brackets

Single	
If taxable income is:	Then income tax equals:
Not over \$9,525	10% of the taxable income
Over \$9,525 but not over \$38,700	\$952.50 plus 12% of the excess over \$9,525
Over \$38,700 but not over \$82,500	\$4,453.50 plus 22% of the excess over \$38,700
Over \$82,500 but not over \$157,500	\$14,089.50 plus 24% of the excess over \$82,500
Over \$157,500 but not over \$200,000	\$32,089.50 plus 32% of the excess over \$157,500
Over \$200,000 but not over \$500,000	\$45,689.50 plus 35% of the excess over \$200,000
Over \$500,000	\$150,689.50 plus 37% of the excess over \$500,000

MFJ With Two Dependents

	2017 Rules	2018 Rules
AGI	\$65,000	\$65,000
Standard Deduction	(\$12,700)	(\$24,000)
Personal Exemption	(\$16,200)	0
Taxable Income	\$36,100	\$41,000
Tax	\$4,482.50	\$4,584

Single, no dependents

	2017 Rules	2018 Rules
AGI	\$35,000	\$35,000
Standard Deduction	(\$6,350)	(\$12,000)
Personal Exemption	(\$4,050)	0
Taxable Income	\$24,600	\$23,000
Tax	\$3,223.75	\$2,569.50

Capital Gains

- ▶ 0% rate up to \$77,200 (\$38,600 Single)
- ▶ 15% rate up to \$479,000 (\$425,800 Single)

Child Tax Credit

- ▶ Increased to \$2,000
 - ▶ \$1,400 refundable
- ▶ \$500 credit for certain other dependents

MFJ With Two Dependents

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Standard Deduction	(\$12,700)	(\$24,000)
Personal Exemption	(\$16,200)	0
Taxable Income	\$36,100	\$41,000
Tax	\$4,482.50	\$4,584
Child Tax Credit	(\$2,000)	(\$4,000)
Tax	\$2,482.50	\$584

Education

- ▶ 529 Plans
 - ▶ Can use up to \$10,000 per year per child for elementary or secondary education
- ▶ Student loan interest
- ▶ Tuition waivers
- ▶ AOTC

Deductions

- ▶ Suspended
 - ▶ Deduction for home equity indebtedness
 - ▶ Miscellaneous itemized deductions subject to 2% floor
 - ▶ Personal casualty & theft losses
 - ▶ Moving Expenses
 - ▶ State and local taxes, other than related to business, above \$10,000
 - ▶ Alimony payor deduction
 - ▶ Bicycle reimbursement exclusion

Deductions

- ▶ Changed
 - ▶ Mortgage interest limited to \$750,000 indebtedness
 - ▶ Medical threshold down to 7.5%
 - ▶ Charitable contributions up to 60%

Other Changes

- ▶ ACA Mandate
 - ▶ No ACA mandate after 12/31/18
 - ▶ Will likely still have shared responsibility payments on 2018 taxes
- ▶ Pass through entities
- ▶ AMT Exemption

Questions?