

SUMMARY OF TRUMP TAX ACT PASSED DECEMBER 2017

	2017 LAW	CONFERENCE BILL (EFFECTIVE 2018-2025, EXCEPT WHERE INDICATED)
1. 2018 INDIVIDUAL TAX RATES: MARRIED FILING JOINT ("MFJ")	10% \$0 - \$18,650	10% \$0 - \$19,050
	15% \$18,651 - \$75,900	12% \$19,051 - \$77,400
	25% \$75,901 - \$153,100	22% \$77,401 - \$165,000
	28% \$153,101 - \$233,350	24% \$165,001 - \$315,000
	33% \$233,351 - \$416,700	32% \$315,001 - \$400,000
	35% \$416,701 - \$470,700	35% \$400,001 - \$600,000
	39.6% \$470,701 OR MORE	37% \$600,001 OR MORE
	STANDARD DEDUCTION \$12,700	STANDARD DEDUCTION \$24,000
	PERSONAL EXEMPTION \$8,100	PERSONAL EXEMPTION IS ELIMINATED
1A. TAX ON \$1 MILLION OF TAXABLE INCOME (MFJ)	\$341,229	\$313,777
2. 2018 INDIVIDUAL TAX RATES: SINGLE	10% \$0 - \$9,525	10% \$0 - \$9,525
	15% \$9,526 - \$38,700	12% \$9,526 - \$38,700
	25% \$38,701 - \$93,700	22% \$38,701 - \$82,500
	28% \$93,701 - \$195,450	24% \$82,501 - \$157,500
	33% \$195,451 - \$424,950	32% \$157,501 - \$200,000
	35% \$424,951 - \$426,700	35% \$200,001 - \$500,000
	39.6% \$426,701 OR MORE	37% \$500,001 OR MORE
	STANDARD DEDUCTION \$12,700	STANDARD DEDUCTION \$12,000
	PERSONAL EXEMPTION \$8,100	PERSONAL EXEMPTION IS ELIMINATED
2A. TAX ON \$1 MILLION OF TAXABLE INCOME (SINGLE)	\$350,941	\$354,302
3. CORPORATE TAX RATES	GRADUATED RATES FROM 15% UP TO 35%	SINGLE-RATE 21% EFFECTIVE IN 2018
4. CAPITAL GAINS TAX RATES	SHORT-TERM GAINS TAXED AT ORDINARY RATES; LONG-TERM GAINS TAXED DEPENDING ON TAX BRACKET. TAX BRACKET: TAX RATE: 10%, 15% 0% 25%, 28%, 33%, 35% 15% 39.6% 20%	CURRENT LAW IS RETAINED.
5. FIRST IN, FIRST OUT RULE - STOCK SALES	N/A	N/A
6. ALTERNATIVE MINIMUM TAX ("AMT")	DISALLOWS DEDUCTIONS FOR PREFERENCE ITEMS WHICH INCLUDE STATE & LOCAL INCOME TAXES, MISCELLANEOUS ITEMIZED DEDUCTIONS.	CORPORATE AMT IS REPEALED; INDIVIDUAL AMT IS RETAINED WITH HIGHER EXEMPTION AMOUNTS.
7. MORTGAGE INTEREST DEDUCTION	MORTGAGE INTEREST ON UP TO \$1 MILLION OF MORTGAGE DEBT ON UP TO 2 HOMES + MORTGAGE INTEREST ON UP TO \$100,000 OF HOME EQUITY DEBT ARE DEDUCTIBLE.	DEDUCTION IS CAPPED AT \$750,000 OF MORTGAGE DEBT; MORTGAGE INTEREST DEDUCTION ON HOME EQUITY DEBT IS REPEALED.

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8. PASS-THROUGH INCOME TREATMENT	ALL INCOME IS TAXED AT ORDINARY RATES	OWNERS MAY DEDUCT 20% OF QUALIFIED BUSINESS INCOME. DEDUCTION IS LIMITED TO THE GREATER OF 50% OF WAGE INCOME OR 25% OF WAGE INCOME + 2.5% OF THE COST OF TANGIBLE DEPRECIABLE PROPERTY. LIMITATION DOES NOT APPLY TO OWNERS WITH INCOME BELOW \$315,000 FOR MFJ (\$157,000 FOR SINGLE FILERS) AND INCLUDES A PHASEOUT OVER A \$100,000 RANGE. DEDUCTION IS AVAILABLE TO PUBLICLY TRADED PARTNERSHIPS BUT NOT TO SERVICE PROFESSIONALS.
9. CHILD TAX CREDIT	\$1,000 PER CHILD AGE 16 & UNDER; MFJ INCOME PHASEOUT BEGINS AT \$110,000	\$2,000 PER CHILD AGE 18 & UNDER, OF WHICH \$1,400 WOULD BE REFUNDABLE, + \$500 PER NONCHILD DEPENDENT; INCOME PHASEOUT BEGINS AT \$400,000 FOR MFJ AND \$200,000 FOR SINGLE FILERS.
10. MEDICAL EXPENSE DEDUCTION	MEDICAL EXPENSES EXCEEDING THE INCOME THRESHOLD OF 10% ARE DEDUCTIBLE (7.5% INCOME THRESHOLD APPLIES IF AGE 65 OR OVER)	MEDICAL EXPENSES EXCEEDING AN INCOME THRESHOLD OF 7.5% ARE DEDUCTIBLE FOR ALL AGES FOR 2017 & 2018; THRESHOLD RETURNS TO 10% THEREAFTER.
11. ALIMONY	RECIPIENT REPORTS INCOME; PAYER CLAIMS A DEDUCTION	DEDUCTION IS REPEALED EFFECTIVE 2019; RECIPIENTS DO NOT REPORT INCOME EFFECTIVE 2019.
12. INDIVIDUAL HEALTHCARE MANDATE PENALTY	INDIVIDUALS WITHOUT HEALTH INSURANCE PAY A PENALTY	THE PENALTY IS REPEALED IN 2019.
13. EDUCATION EXPENSE DEDUCTIONS/CREDITS	WAIVED UNIVERSITY TUITION IS NOT TAXABLE; UP TO \$5,250 OF EMPLOYER EDUCATION ASSISTANCE IS NOT TAXABLE; UP TO \$2,500 OF STUDENT LOAN INTEREST IS DEDUCTIBLE; UP TO \$250 OF EDUCATOR EXPENSES ARE DEDUCTIBLE.	CURRENT LAW IS RETAINED.
14. CARRIED INTEREST	LONG-TERM CAPITAL GAINS TREATMENT IS GIVEN TO INDIVIDUALS ON THEIR PRIVATE EQUITY INVESTMENT PROFITS FROM CLIENT CAPITAL. MUST BE HELD FOR MORE THAN ONE YEAR	CURRENT LAW IS RETAINED.
15. PASSIVE INCOME/LOSS RULES & RENTAL PROPERTIES	PASSIVE LOSSES CAN ONLY OFFSET PASSIVE INCOME, SUBJECT TO LIMITATIONS; PASSIVE INCOME IS SUBJECT TO ORDINARY TAX RATES	PASSIVE INCOME IS ONLY ELIGIBLE FOR THE 20% FLOW-THROUGH DEDUCTION TO THE EXTENT OF 50% OF WAGES PAID OUT (SEE #7)

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16. DEPRECIATION AND SECTION 179 EXPENSING OF NEWLY PURCHASED ASSETS	CAPITAL ASSETS MUST BE DEPRECIATED OVER THEIR USEFUL LIFE; SECTION 179 EXPENSE CAPPED AT \$500,000, LIMITED TO BUSINESS INCOME.	DEPRECIATION CALCULATION SHORTENS THE LIFE OF REAL PROPERTY TO 25 YEARS; ALLOWS FULL EXPENSING OF MACHINERY & EQUIPMENT FOR 5 YEARS, THEN PHASES OUT OVER THE NEXT 5 YEARS; INCREASES SECTION 179 LIMIT TO \$1 MILLION, WITH A PHASEOUT BEGINNING AT \$2.5 MILLION.
17. NET OPERATING LOSSES (NOLS)	NOLS MAY BE CARRIED BACK 2 YEARS AND CARRIED FORWARD FOR 10 YEARS	NOLS MAY NOT BE CARRIED BACK; NOL DEDUCTION IS LIMITED TO 80% OF CURRENT YEAR TAXABLE INCOME.
18. ESTATE TAX	ESTATE TAX EXEMPTION IS \$5.6 MILLION FOR 2018.	DOUBLES THE ESTATE TAX EXEMPTION TO \$11 MILLION FOR 2018 AND DOUBLES THE CURRENT EXEMPTION FOR YEARS 2019 THROUGH 2025.
19. RETIREMENT PLANS	VARIOUS DEDUCTIONS AND INCOME TAX DEFERRALS FOR CONTRIBUTIONS TO RETIREMENT PLANS	INDIVIDUALS WHO LEAVE THEIR CURRENT EMPLOYERS WITH AN OUTSTANDING LOAN FROM THEIR RETIREMENT PLAN WOULD NOT BE TAXED IF THEY CONTRIBUTE THE LOAN BALANCE TO AN IRA BY THE DUE DATE OF THEIR INDIVIDUAL TAX RETURN (INSTEAD OF HAVING ONLY 60 DAYS TO MAKE THE ROLLOVER); REPEALS THE RULE ALLOWING TRADITIONAL OR ROTH IRA CONTRIBUTIONS TO BE RECHARACTERIZED AS OTHER TYPES.
20. CASH VS. ACCRUAL ACCOUNTING METHOD	BUSINESSES WITH LESS THAN \$5 MILLION IN INCOME AND SERVICE PROFESSIONALS MAY ELECT TO USE THE CASH METHOD OF ACCOUNTING	ELIGIBILITY IS INCREASED TO INCLUDE BUSINESSES WITH UP TO \$25 MILLION IN INCOME
21. TAX TREATMENT OF INTEREST EXPENSE	ALLOWS A FULL DEDUCTION FOR INTEREST PAID WITH NO CAP.	NET INTEREST DEDUCTION IS CAPPED AT 30% OF EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION, AND AMORTIZATION (EBITDA) FOR 4 YEARS, AND 30% OF EARNINGS BEFORE INTEREST & TAXES (EBIT) THEREAFTER.
22. 529 PLANS	ALLOWS DEPOSITS INTO 529 ACCOUNTS TO BE WITHDRAWN TAX-FREE IF USED FOR COLLEGE TUITION & EXPENSES.	529 ACCOUNT WITHDRAWALS OF UP TO \$10,000 PER STUDENT MAY BE USED TO COVER TUITION FOR K-12 PRIVATE SCHOOLS IN ADDITION TO COLLEGE TUITION & EXPENSES.
23. STATE AND LOCAL INCOME TAXES & PROPERTY TAXES CLAIMED ON SCHEDULE A. (PROVISIONS DO NOT APPLY TO SCHEDULE E DEDUCTIONS.)	STATE AND LOCAL INCOME (OR SALES) TAXES AND PROPERTY TAXES ARE ITEMIZED DEDUCTIONS WITH NO CAP.	STATE AND LOCAL INCOME (OR SALES) TAX AND PROPERTY TAX DEDUCTION IS CAPPED AT \$10,000.
24. MOVING EXPENSES	QUALIFIED, UNREIMBURSED MOVING EXPENSES RELATED TO A JOB CHANGE ARE DEDUCTIBLE.	MOVING EXPENSE DEDUCTION IS REPEALED, EXCEPT FOR ACTIVE DUTY MILITARY PERSONNEL.

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25. BUSINESS DEDUCTIONS ON INDIVIDUAL RETURNS	MISCELLANEOUS ITEMIZED DEDUCTIONS ARE ALLOWED FOR UNREIMBURSED EMPLOYEE BUSINESS EXPENSES.	MISCELLANEOUS ITEMIZED DEDUCTIONS ARE NOT ALLOWED FOR UNREIMBURSED EMPLOYEE BUSINESS EXPENSES OR ANY OTHER MISCELLANEOUS EXPENSES. BUSINESS EXPENSES SUCH AS TRAVEL AND ENTERTAINMENT ON SCHEDULE C OR SCHEDULE E ARE NOT AFFECTED.

PLEASE CONTACT US FOR A PERSONAL TAX CONSULTATION TO DISCUSS PLANNING OPPORTUNITIES.

