

INDIVIDUALS

Current Tax Rates for 2017

Tax Rates for Years After 2017

Married Filing Jointly

10%	\$	-	\$	18,650
15%	\$	18,650	\$	75,900
25%	\$	75,900	\$	153,100
28%	\$	153,100	\$	233,350
33%	\$	233,350	\$	416,700
35%	\$	416,700	\$	470,700
39.6%	\$	470,700		

Married Filing Jointly

10%	\$	-	\$	19,050
12%	\$	19,050	\$	77,400
22%	\$	77,400	\$	165,000
24%	\$	165,000	\$	315,000
32%	\$	315,000	\$	40,000
35%	\$	400,000	\$	600,000
37%	\$	600,000		

Single Individuals

10%	\$	-	\$	9,325
15%	\$	9,325	\$	37,950
25%	\$	37,950	\$	91,900
28%	\$	91,900	\$	191,650
33%	\$	191,650	\$	416,700
35%	\$	416,700	\$	418,400
39.6%	\$	418,400		

Single Individuals

10%	\$	-	\$	9,525
12%	\$	9,525	\$	38,700
22%	\$	38,700	\$	82,500
24%	\$	82,500	\$	157,500
32%	\$	157,500	\$	200,000
35%	\$	200,000	\$	500,000
37%	\$	500,000		

CAPITAL GAINS TAX RATES

Current Tax Rates for 2017

Tax Rates for Years After 2017

Married Filing Jointly

Taxpayers in the 10% and 15% tax brackets pay zero tax.

15% Rate Threshold - \$77,200
20% Rate Threshold - \$479,000

Taxpayers in the 25%, 28%, 33% and 35% tax brackets pay 15%.

Single Individuals

15% Rate Threshold - \$38,600
20% Rate Threshold - \$428,800

Taxpayers in the 39.6% tax bracket pay 20%.

STANDARD DEDUCTION

Current Tax Rates for 2017

Married Filing Jointly	\$ 12,700
Single Individuals	\$ 6,350

Over 65 over blind eligible for additional \$1,250

Tax Rates for Years After 2017

Married Filing Jointly	\$ 24,000
Single Individuals	\$ 12,000

Over 65 over blind eligible for additional \$1,250

PERSONAL EXEMPTIONS

Current Tax Rates for 2017

The taxpayer can claim a personal exemption of \$4,050 for the taxpayer, spouse and dependents.

2% phaseout for adjusted gross income over:

Married Filing Jointly	\$ 313,800
Single Individuals	\$ 261,500

Tax Rates for Years After 2017

Personal exemptions are eliminated.

ALTERNATIVE MINIMUM TAX

Current Tax Rates for 2017

Exemption	
Married Filing Jointly	\$ 84,500
Single Individuals	\$ 54,300

Phase Out	
Married Filing Jointly	\$ 160,900
Single Individuals	\$ 120,700

Tax Rates for Years After 2017

Exemption	
Married Filing Jointly	\$ 109,400
Single Individuals	\$ 70,300

Phase Out	
Married Filing Jointly	\$ 1,000,000
Single Individuals	\$ 500,000

ITEMIZED DEDUCTIONS

Current Tax Rates for 2017

Tax Rates for Years After 2017

Misc. Itemized Deductions

A taxpayer may deduct certain expenses as miscellaneous itemized deductions. The deduction claimed is the portion of the sum of the expenses that exceeds 2% of the taxpayer's adjusted gross income.

Tax prep fees
Investment fees
Union dues
Unreimbursed business expenses

Limitation

The total amount of itemized deductions is limited for high income taxpayers. Itemized deductions are reduced by 3% for taxpayers whose adjusted gross income exceeds certain thresholds.

Mortgage Deduction

Taxpayers who itemize their deductions can deduct interest payments on debt up to \$1 million on acquisition debt and up to \$100,000 on home equity debt.

State & Local Taxes

Taxpayer can claim itemized deductions for state and local income and property taxes.

Or, taxpayers can claim an itemized deduction for state and local sales taxes in lieu of state and local income taxes.

Charitable Contributions

Cash contributions limited to 30% or 50% of adjusted gross income.

Taxpayer who receives the right to purchase tickets to an educational institution's sporting events in exchange for charitable contribution is permitted to deduct 80% of the contribution.

Misc. Itemized Deductions

All miscellaneous itemized deductions subject to the 2% floor are eliminated.

Limitation

The limitation is eliminated.

Mortgage Deduction

Taxpayers who itemize their deductions can deduct interest payments on debt up to \$750,000 on acquisition debt.

The deduction for home equity debt is eliminated.

State & Local Taxes

The deduction is limited to \$10,000.

Charitable Contributions

Limitation is increased to 60% of adjusted gross income.

The exception allowing 80% deduction is eliminated.

OTHER CHANGES

Medical Expenses	Amounts above 7.5% of AGI for tax years 2017 and 2018.
Alimony	payments are no longer allowed above the line deduction. The payee no longer includes the payments as income. Effective for agreements signed after 2018.
Moving Expenses	No longer deductible.
Child Tax Credit	\$2,000 for child under age 17 and \$500 for other dependents. The phase would begin at \$200,000 for single individuals and \$400,000 for married filing jointly.
Education Savings	Up to \$10,000 per year can be used to pay for primary and secondary education.
Estate & Gift Taxes	The exclusion has been increased to \$10,000,000 with inflation adjustments based on 2010 amounts. (2017 - \$5.49 million)

CORPORATE TAX CHANGES

Corporate Tax Rate	Flat 21% tax rate.
Domestic production Deduction	9% deduction on qualifying income eliminated.
Bonus Depreciation	Increased to 100% for assets placed in service by 12/31/22. Reduce by 20% for each year beginning in 2023.
Depreciation Limits for Luxury Autos	Increased to \$10,000 in year 1, \$16,000 in year 2, \$9,600 in year 3 and \$5,760 thereafter.
Sec 179 Depreciation	Expense up to \$1 million on purchases of qualifying property.
Net Operating Loss	Utilization of net operating loss is limited to 80% of current year taxable income. No longer able to carryback net operating losses two years.
Like-Kind Exchanges	Tax deferred exchanges limited to real property.
Entertainment Expenses	50% deduction for entertainment expenses eliminated.

PASS-THROUGH ENTITY DEDUCTION

Taxpayers who have qualified business income from a partnership, S corporation or sole proprietorship are able to deduct 20% of the qualified business income.

The deduction is limited to 50% of wages paid by the entity or 25% of wages plus 2.5% of depreciable property.

Taxpayers who have qualified business income from certain services businesses are subject to phase out that begins with taxable income of \$315,000 for married filing jointly and \$157,500 for single individuals. The deduction is completely phased out when taxable income is \$415,000 for married filing jointly and \$207,500 for single individuals.

THINGS TO CONSIDER 2018 & BEYOND

Itemizing every other year by bunching deductions.

Use IRA distributions to make charitable contribution.

Make charitable contributions that qualify for state tax credits.

Have employers reimburse employees for business expenses.

Tax bracket management.

Consider entity change to take advantage of pass-through entity deduction.