



## In effect for 2018

**Tax Rates** – Effective in 2018, the new law imposes a new tax rate structure with seven tax brackets: 10%, 12%, 22%, 24%, 32%, 35% and 37%.

**New Standard Deductions (effective in 2018)** – Personal exemptions eliminated while standard deductions increased:

- Joint Filers - \$24,000
- Heads of Household - \$18,000
- Single and Married Filing Separately - \$12,000

**Kiddie Tax** – Trust rates will be applied to unearned income of the child.

**Child and Family Tax Credit** – Effective 2018, the credit for qualifying children (i.e. children under 17) will increase from \$1,000 to \$2,000 and the refundable portion of the credit will increase to \$1,400. It also introduces a new (nonrefundable) \$500 credit for dependents who are not qualifying children. These credits will begin to phase out at \$200,000 (\$400,000 for joint filers).

**State and Local Taxes** – Effective with the 2018 tax year, the itemized deduction for state and local income and property taxes is limited to a total of \$10,000 (\$ 5,000 MFS).

**Mortgage Interest** – Starting with loans taken out in 2018, mortgage interest on loans used to acquire a principal residence and a second home is only deductible on debt up to \$750,000. There also will no longer be a deduction for interest on home equity loans, regardless of when the debt was incurred.

**Miscellaneous Itemized Deductions** – Beginning in 2018 there will no longer be a deduction for miscellaneous itemized deductions (such as tax preparation costs, investment expenses, union dues and unreimbursed employee expenses).

**Medical Expenses** – Under the new law for 2017 and 2018, medical expenses are deductible to the extent they exceed 7.5 percent of AGI.

**Casualty and Theft Losses** – Effective in 2018 this itemized deduction has been suspended except for losses incurred in a federally declared disaster.

**Alimony** – For post-2018 divorce decrees and separation agreements, alimony will no longer be deductible by the paying spouse and will not be taxable to the receiving spouse.

Moving expenses – Job-related moving expense reimbursements has been eliminated, except for certain military personnel.

Health Care “Individual Mandate” – Beginning in 2019, there will no longer be a penalty for individuals who fail to obtain minimum essential health coverage.

Estate and gift tax exemption – Has increased to \$ 11.2 million (\$ 22.4 million for married couples) in 2018.

Alternative Minimum Tax (AMT) exemption – Increased to \$ 109,400 joint filers (\$54,700 MFS) and \$70,300 for single filers. AMT exemption phases out with AMT income over \$ 1 million for MFJ and \$500,000 for all others.

If you have specific questions with regards to the new tax changes, please call our office at 856-234-7788.