

## Tax Cuts and Jobs Act

For Individuals	Changes
Tax Rates*	10%, 12%, 22%, 24%, 32%, 35%, 37%.
Adjusted Gross Income (AGI) top rate	Above \$500,000 for individuals and \$600,000 married filing jointly (MFJ).
Alternative minimum tax*	Increases exemption to \$70,300 (single) and \$109,400 (MFJ) with phase-out at \$500,000 (single) and \$1 million (MFJ).
Personal exemptions*	Repeals.
Standard deduction*	Doubles to \$12,000 / \$24,000 (single/MFJ).
Itemized deductions	Caps deduction for state and local income taxes, sales taxes and property taxes at \$10,000 combined. Precludes deduction of 2018 income tax liabilities paid at the end of 2017, but it's okay to pre-pay 2017 estimated taxes prior to December 31, 2017. Restriction on prepayment only applies to state income taxes and not property taxes.
<ul style="list-style-type: none"> <li>State and local income taxes/Property taxes</li> </ul>	
<ul style="list-style-type: none"> <li>Mortgage interest*</li> </ul>	Interest limited on loans after December 15, 2017, to \$750,000 of debt principal. Existing loans grandfathered at \$1 million. The limits apply to first and second homes. Refinancing of existing mortgage debt permitted but only to current principal amount (cash-out portion is ineligible).
<ul style="list-style-type: none"> <li>Home equity interest*</li> </ul>	Eliminates (unless used for acquisition indebtedness and subject to mortgage interest limits).
<ul style="list-style-type: none"> <li>Exclusion of gain from sale</li> </ul>	No change to current law.
<ul style="list-style-type: none"> <li>Medical expenses</li> </ul>	Lowers threshold to 7.5% of AGI for 2017 and 2018.
<ul style="list-style-type: none"> <li>Student loan interest*</li> </ul>	Income from discharge of debt due to death or disability no longer taxable. Student loan interest remains deductible.
<ul style="list-style-type: none"> <li>Miscellaneous deductions</li> </ul>	Eliminates.
<ul style="list-style-type: none"> <li>Alimony</li> </ul>	Payments made no longer deductible and payments received no longer taxable for divorces finalized after 2018.
<ul style="list-style-type: none"> <li>Charitable contributions</li> </ul>	Increases cash contributions eligible for deductions to public charities to 60% of AGI.
<ul style="list-style-type: none"> <li>Pease limitation*</li> </ul>	Eliminates.
Child and family tax credits	Increases to \$2,000 per qualifying child and \$500 per non-qualifying child with phase-outs at \$200,000 (single) and \$400,000 (MFJ).
Electric vehicle tax credit	No change to current law.
Affordable Care Act (ACA) individual mandate	Reduces penalty to \$0.
529 plans	Expands to include public, private and religious (K-12) primary and secondary schools, with a \$10,000 per student annual limit.
Retirement plans	Repeals ability to re-characterize Roth IRA conversions back to Traditional IRAs.
Tax lot accounting	No change to current law.
Estate tax*	Doubles estate and gift tax exemption to \$11 million. Maintains portability for surviving spouse. Retains step-up in basis and 40% tax rate.
Pass-through income	Creates a deduction equal to 20% of qualified business income. The deduction cannot exceed the greater of (1) 50% of W-2 wages paid by the business or (2) 25% of those wages plus 2.5% of unadjusted basis of depreciable property. Personal service-related businesses, except for engineering and architecture, will generally not qualify for the deduction unless the taxpayer's income is below certain taxable income thresholds (\$157,500-\$207,500 single, \$315,000-\$415,000 MFJ). Within those limited ranges, the deduction for the service-related business income will be phased out. The 50% and 25% wage limits are phased in over those same tax taxable income ranges.
Carried interest	Introduces three-year minimum holding period.

\*Changes expire at end of 2025.

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For Corporations	Changes
Tax Rates (%)	21% effective 2018.
Deferred foreign profits tax	15.5% of untaxed repatriated profits in liquid assets and 8.0% of untaxed repatriated profits in illiquid assets.
International income	Territorial system (100% exemption).
Cash accounting	Increases eligibility from \$5 million to \$25 million.
Alternative minimum tax	Repeals.
Depreciation	100% expensing of capital expenditures excluding utilities (phases out from 2023 to 2027). Qualified property must only be new to taxpayer and not new in general.
Interest deductibility	Limited to business interest income plus 30% of adjusted taxable income (ATI). Depreciation and amortization expenses are added back to ATI until 2021. Businesses with average annual gross receipts less than \$25 million in prior three years are exempt.
Private activity bonds	No change to current law.
Like-kind exchanges (1031)	Repeals for non-real estate transactions.
Entertainment expenses	Bars any deduction for any activity generally considered entertainment, amusement or recreation.