

**INDIVIDUALS**

Rule	Present Law (2018 Rate Schedule)	New Law
<b>Rates - Single Filers</b>		
Number of brackets	7	7
Top Rate	39.60%	37%
Top Rate Starts at	\$426,700	\$500,000
<b>Rates - Joint Filers</b>		
Number of brackets	7	7
Top Rate	39.60%	37%
Top Rate Starts at	\$480,050	\$600,000
Alternative Minimum Tax	AMT imposed when minimum tax exceeds regular income tax. Taxes are not deductible for AMT	Exemption increased. With the higher exemption and the \$10,000 limit on the deduction for taxes, the alternative minimum tax will apply to fewer taxpayers
Standard Deduction	\$6,500 for individuals and \$13,000 for joint filers	\$12,000 for individuals and \$24,000 for joint filers
Personal Exemption	\$4,150 for each person, spouse, and dependents	Personal exemption eliminated
Estate Tax	\$5.6 million exemption amount, transfers in excess subject to 40% rate	\$11.2 million exemption amount
Child Tax Credit	\$1,050 per child	\$2,000 per child (\$1,400 refundable) and \$500 for non-child dependents
Medical	Can deduct medical expenses in excess of 10% of adjusted gross income	The 10% of adjusted gross income threshold is reduced to 7.5% for tax years 2017 and 2018 only
Mortgage Interest (MI) Deduction	MI deduction limited to acquisition debt of \$1 million and home equity debt of \$100K on a principal and second home	MI deduction limited to acquisition debt of \$750,000 for purchases after 12.15.17. Home equity loan interest not used for home improvements no longer deductible but part of \$1,000,000/\$750,000 limitation.
State and Local Tax Deduction	State and local taxes are deductible as an itemized deduction	Deduction limited to \$10,000 for combination of state and local taxes, including property taxes (real estate and personal property taxes)
Individual Mandate	ACA requires individuals be covered by health insurance or pay "penalty" (tax)	Penalty reduced to zero starting in 2019
Moving Expense Deduction	Deduction for qualified moving expenses	Eliminated except for members for the military
Deduction for Employee Expenses and Investment Expenses	Employee business expenses and investment expenses may be claimed as an itemized deduction above certain thresholds	No deduction
Sale of Principal Residence	Exclude \$500,000 for joint filers, and \$250,000 for others if use as residence for 2 out of 5 years	No change
Education Savings (529) Plans	Can only be used for higher education	Will now also be available for private school tuition - grades K through 12 but not for home schooling expenses.
Overall Limit on Itemized Deductions	Phase-out beginning \$266,700/\$320,000 (singles, couples)	Temporarily repealed through 2025
Alimony	Deductible by the payer spouse and included in the income of the recipient spouse.	For any divorce or separation agreement executed after Dec. 31, 2018 alimony is not deductible by the payer spouse and is not included in the income of the recipient spouse.

**BUSINESSES**

Rule	Present Law	New Law
Corporate Rates	Graduated corporate rate structure, top rate of 35%, personal service corporations taxed at 35%	Flat rate of 21%
Alternative Minimum Tax	Imposed to the extent a corporation's minimum tax exceeds its regular tax	Eliminated
Qualified Business Income (QBI) Deduction	Income attributable to a pass-through (partnership, LLC, S corporation) or a sole proprietorship generally taxed at the owner's individual rate	Owners can deduct 20% of their qualified business income (partnership, LLC, S corporation and sole proprietor). Complex limitations and phase out ranges with lower thresholds for service businesses
Business Interest Deduction	Deduction for business interest paid or accrued	Deduction capped to amount that equals total business int. income plus 30% of adj. taxable income (excludes depreciation expense, business interest income or expense, NOL or QBI deduction). Exception for taxpayers with annual avg gross receipts < \$25M and special exceptions for farming, real estate, auto dealers & certain public utility businesses.

<b>Limitation on Business Losses</b>	No Limit	Business loss attributable to trades or businesses of the taxpayer are limited to \$250,000 (\$500,000 for joint filers) in any one year. Any disallowed loss is carried forward as an NOL. Applies after passive loss rules.
<b>Net Operating Loss Deduction</b>	NOLs may be carried back 2 years and carried forward 20 years to offset taxable income	The two year carryback of NOL's has been repealed except for farming losses and property and casualty ins. companies. NOL's can be carried forward indefinitely limited to 80% of taxable income
<b>Section 179</b>	Annual limit for 2018 \$520,000. Reduced when more than \$2,070,000 of eligible property placed in service	Limit increased to \$1 million for tax years beginning after 2017. "Qualified Real Property" would also be eligible for Section 179
<b>Bonus Depreciation</b>	40% for 2018	100% for property placed in service after 9/27/2017 through 12/31/2022. Phased down to 20% by 2027