

## Tax Cuts and Jobs Act of 2017 Highlights

### 1. Less Taxpayers will itemize:

Experts are estimating that 10% (or less) of taxpayers will itemize, down from approximately 30%.

- Standard deduction is almost doubled - \$24,000 for married taxpayers and \$12,000 for single taxpayers
- Itemized deductions are limited/eliminated

#### Existing Deductions:

- o Charitable deduction rules virtually unchanged
  - Slight increase in deduction limit for cash gifts – from 50% of AGI to 60% of AGI.
- o The deduction for all state and local income taxes is limited to \$10,000 (cap is \$10,000 whether single or married)
- o Home mortgage interest deduction continues
  - lowered cap to \$750,000 (from \$1,000,000) for new mortgages
  - Interest deduction for home equity loans incurred for something other than home improvement is eliminated
- o Medical expense deduction virtually the same
  - expenses generally are deductible to the extent expense exceed 10% of AGI
  - new law lowers 10% limit to 7.5% for 2017 and 2018

Eliminated Deductions – casualty and theft losses, unreimbursed employee expenses, tax preparation expenses, moving expenses,

- Reduction in Itemized Deductions for high income taxpayers eliminated.  
(also known as 3% haircut and Peace amendment)

### 2. Gift, Estate, GST exemption increased to \$11,200,000.

- \$22,400,000 per married couple

### 3. Personal exemption eliminated.

- Personal exemption was \$4,050 per taxpayer/legal dependent

### 4. Income Tax Brackets generally lowered.

- Retained seven brackets but generally lowered rates

### 5. Capital gain rates and net income tax rates substantially the same.



6. Expanded Child Tax Credit.

- Credit is doubled from \$1,000 to \$2,000
- Income phaseout is drastically increased (from \$110,000 to \$400,000 for married taxpayers)

7. Expansion of 529 plans.

- Expands use to include private school tuition for grades k-12

8. AMT still exists but changes made so that it impacts less taxpayers.

9. A new 20% deduction for pass through business income (sole proprietorships, LLCs, partnerships and S-corps).

- Income limits for “professional” service businesses like doctors, lawyers, etc.

10. Lower, flat corporate tax rate of 21%. (This is permanent.)

\*Remember the new law impacts **2018 tax years** - not for the 2017 tax year which is filed in 2018. One exception is the medical deduction AGI limit which is reduced to 7.5% for 2017. )

\*The new provisions of the law impacting individual taxpayers are scheduled to expire after 2025.

