

(FREE COPY)

## NEW TAX CUTS 2017 – WHAT I NEED TO KNOW?

TAX CUTS & JOB ACT – 2017 - COMPARATIVE REPORT – (Summarized Form)

**Note:**

1. Intended for **U.S. taxpayers only.**
2. Please email me at [leosem@my-cheveresolutions.com](mailto:leosem@my-cheveresolutions.com) or visit my website <https://my-cheveresolutions.com> for any questions, clarifications, or inquiries.

### INCOME TAX BRACKET

FILING STATUS	NEW RATE	NEW TAX BRACKET		OLD RATE	OLD TAX BRACKET		RATE INCREASE/ (DECREASE)
		From	To		From	To	
SINGLE	10%	\$ 0	\$ 9,525	10%	\$ 0	\$ 9,525	0%
	12%	Over 9,526	38,700	15%	Over 9,526	38,700	(3%)
	22%	Over 38,701	82,500	25%	Over 38,701	93,700	(3%)
	24%	Over 82,501	157,500	28%	Over 93,701	195,450	(4%)
	32%	Over 157,501	200,000	33%	Over 195,451	424,950	(1%)
	35%	Over 200,001	500,000	35%	Over 424,951	426,700	0%
	37%	Over 500,001		39.6%	Over 426,701		(2.6%)
HEAD OF HOUSEHOLD	10%	\$ 0	\$ 13,600	10%	\$ 0	\$ 13,600	0%
	12%	Over 13,601	51,800	15%	Over 13,601	51,850	(3%)
	22%	Over 51,801	82,500	25%	Over 51,851	133,850	(3%)
	24%	Over 82,501	157,500	28%	Over 133,851	216,700	(4%)
	32%	Over 157,501	200,000	33%	Over 216,701	424,950	(1%)
	35%	Over 200,001	500,000	35%	Over 424,951	453,350	0%
	37%	Over 500,001		39.6%	Over 453,351		(2.6%)

	NEW RATE	NEW TAX BRACKET		OLD RATE	OLD TAX BRACKET		RATE INCREASE/ (DECREASE)
		From	To		From	To	
MARRIED FILING JOINTLY	10%	\$ 0	\$19,050	10%	\$ 0	\$ 19,050	0%
	12%	Over 19,051	77,400	15%	Over 19,051	77,400	(3%)
	22%	Over 77,401	165,000	25%	Over 77,401	156,150	(3%)
	24%	Over 165,001	315,000	28%	Over 156,151	237,950	(4%)
	32%	Over 315,001	400,000	33%	Over 237,951	424,950	(1%)
	35%	Over 400,001	600,000	35%	Over 424,951	480,050	0%
	37%	Over 600,001		39.6%	Over 480,051		(2.6%)
CORPORATE	21%						

**NOTE:** These changes expire (will sunset) after 2025. We will be back to the old rate unless otherwise repealed by Senate and Congress.

## TAX EXEMPTIONS & DEDUCTIONS

FILING STATUS	STANDARD DEDUCTIONS		DIFFERENCE (+ -)	PERSONAL & DEPENDENT EXEMPTIONS		COMMENT
	NEW	OLD		NEW	OLD	
SINGLE	\$ 12,000.00	\$ 6,350.00	\$ 5,650.00 +	\$ 0.00	\$ 4,150.00 Per dependent	Personal and dependent exemptions were repealed by the new tax law. This means we get \$ 0.00 exemptions.
HEAD OF HOUSEHOLD	\$ 18,000.00	\$ 9,350.00	\$ 8,650.00 +	\$ 0.00	\$ 4,150.00 Per dependent	
MARRIED FILING JOINTLY	\$ 24,000.00	\$ 12,700.00	\$11,300.00+	\$ 0.00	\$ 4,150.00	

**NOTE:** With the new tax law, we do not have personal and dependent exemptions anymore but an increased Standard Deductions.

## OTHER IMPORTANT THINGS TO CONSIDER

TAX ACCOUNT	PROVISIONS OF THE NEW TAX LAW
<p><b>ACA - INDIVIDUAL MANDATE</b></p>	<ul style="list-style-type: none"> <li>• Tax filers who are “forced” to enroll in health insurance coverage just not to be penalized will be happy this time. With the new law, you do not need to have a MEC (Minimum Essential Coverage) just so you will not be penalized.</li> <li>• However, the new law will take effect in 2019 – that means taxpayers who did not enroll for 2018 coverage will still be penalized.</li> <li>• Everything in ACA is intact except for the repeal of the Individual Mandate.</li> </ul>
<p><b>STATE &amp; LOCAL TAXES/ PROPERTY TAXES</b></p>	<ul style="list-style-type: none"> <li>• Starting 2018, the new tax law limits deductions for state &amp; local taxes and property taxes to an aggregate amount of \$10,000 for a couple filing jointly and \$5,000 for married filing separately. In the old law, you can claim an unlimited amount of personal state and local income and property taxes in an itemized deduction option.</li> <li>• Foreign real property taxes can no longer be deducted.</li> <li>• However, you still have the option to deduct state and local taxes instead of state and local income taxes.</li> </ul>
<p><b>HOME MORTGAGE INTEREST DEDUCTION</b></p>	<ul style="list-style-type: none"> <li>• Starting 2018, the new law lowers the maximum amount of mortgage debt to qualify for a first or second residence from \$1 Million to \$750,000 for a married couple; from \$500,000 to 375,000 for a married couple filing separately.</li> <li>• Starting 2018, the new law takes away the old-law rule that allowed deductions on interest on up to \$100,000 of home equity loan balances.</li> <li>• The old law of \$1 Million/\$500,000 limit will continue to apply to mortgages that were acquired under the old law but are refinanced on condition that the refinanced loan principal does not go beyond the old loan balance at the time of the refinancing.</li> </ul>
<p><b>CHILD TAX CREDIT</b></p>	<ul style="list-style-type: none"> <li>• Starting 2018, the maximum Child Credit is increased to \$2,000 from \$1,000 per qualifying child and up to \$1,400 is refundable which means you can receive a refund if you do not owe any federal income tax.</li> <li>• Additionally, a new \$500 which is a nonrefundable credit is allowed for qualified non-child dependents.</li> </ul>
<p><b>MEDICAL EXPENSE DEDUCTIONS (EXPANDED)</b></p>	<p>The new law preserves the deduction and expands it to cover medical expenses in excess of 7.5% of the AGI (Adjusted Gross Income). The old law’s deduction threshold was 10% of the AGI.</p>

<b>GIFT AND ESTATE TAX EXEMPTION</b>	2018 will see a double increase in Federal Gift and Estate Tax from \$11.2 Million to \$22.4 for a married couple.				
<b>CONVERSION OF A TRADITIONAL IRA INTO A ROTH IRA ACCOUNT</b>	Starting 2018, the reversal of the conversion of the Traditional IRA into a Roth IRA is not allowed. Under the old law, you are allowed to reverse an ill-advised conversion of a Traditional IRA to Roth IRA until October 15 of the year to avoid the conversion tax hit. So if you have done a conversion and you know you want to reverse, have it done before the yearend because the law is not clear if this will cover your conversion for 2017 before October 15, 2018.				
<b>ALTERNATIVE MINIMUM TAX (AMT)</b>	<ul style="list-style-type: none"> <li>• The new law retains the AMT exemption deductions but are substantially increased and is phased out at a much higher income level for 2018.</li> <li>• High itemized tax deductions were disallowed by AMT and with the new limits, the elimination of personal and dependent exemption deductions and larger AMT deductions, AMT victims will be off the hook this year 2018.</li> </ul>				
<b>WHAT ARE RETAINED/PRESERVED OR NO CHANGES AT ALL</b>	<b>Education Related Tax Breaks –</b> <ul style="list-style-type: none"> <li>• American Opportunity Tax Credit - \$2,500.00;</li> <li>• Lifetime Learning Tax Credit – \$2,000.00</li> </ul> <b>Note: For qualified taxpayers</b>	<b>Tax Breaks for Adoption –</b> No changes.	<b>Mandatory FIFO Stock Basis Rule –</b> No changes.	<b>Tax Credit for Qualified Plug-In Electric Vehicles</b> - Maximum of \$7,500 tax credit.	<b>Home Sale Gain Exclusion Rules –</b> You can exclude from Federal Income Tax the amount of \$250,000 (if single/separate/HH) and \$500,000 (if married filing jointly) gains from a qualified home sale.
<b>WHAT ARE ELIMINATED/NON-DEDUCTIBLE WITH THE NEW LAW.</b>	Moving Expenses	Miscellaneous Itemized Expenses	Personal Casualty & Theft Except for Personal Casualty incurred in a Federally Declared Disaster	Effective 2019 – Alimony Payments is non-refundable if required by Divorce Agreement entered into after 12/31/2018. However, recipients of non-deductible Alimony Payments are considered non-taxable income.	

**ABOUT THE AUTHOR:**

**L.F. Semacio:**

- **freelance writer with a certificate in Creative Writing from Miami Dade College, Miami, Florida;**
- **A Tax Return Preparer with IRS-PTIN and EFIN certifications, respectively;**
- **Licensed by Florida Department of Financial Services;**
- **Registered with the Department of State – Florida.**