

## Tax Law Comparison from 2017 to 2018

	2017	2018
<b>Individual Tax Rates* (in %)</b>	10, 15, 25, 28, 33, 35, 39.6	10, 12, 22, 24, 32, 35, 37*
<b>Personal Exemption**</b>	\$4,050** subject to phase out	Eliminated
<b>Standard Deduction</b>	\$12,700 (married, filing jointly) or \$6,350 (filing single)	\$24,000 (married, filing jointly) or \$12,000 (filing single)
<b>Child/Dependent Tax Credits**</b>	\$1,000 per qualifying child; \$110,000 (married, filing jointly) or \$75,000 (filing single)	\$2,000 per qualifying child; \$400,000 (married, filing jointly) or \$200,000 (filing single)
<b>Schedule A Itemized Deductions</b>	Up to 80% of most Schedule A deductions are lost when adjusted gross income exceeds \$313,800 when married, filing jointly (Pease Limits)	<p>Changes are as follows:</p> <ul style="list-style-type: none"> <li>• Mortgage interest deduction is now limited to \$750,000</li> <li>• Home Equity interest deductions are eliminated</li> <li>• Deductions for property taxes and state/local/sales taxes are limited to \$10,000 when married, filing jointly</li> <li>• Pease Limits are eliminated</li> </ul> <p>The following remain unchanged:</p> <ul style="list-style-type: none"> <li>• Charitable deductions (up to 60% of annual gross income)</li> </ul> <p>The following is mostly unchanged:</p> <ul style="list-style-type: none"> <li>• Medical expense deductions</li> </ul>
<b>Estate/Gift/GSTT Tax****</b>	\$5.49M exemption, then taxed at 40%	\$11.2M exemption, then taxed at 40% (expires after 2025)
<b>Tax Basis Upon Death</b>	Step-up in basis at death	No Change
<b>Top Capital Gains/Dividend Tax Rate</b>	20% plus a surcharge of 3.8% if adjustable gross income exceeds \$250,000 (married filing, jointly)	No Change
<b>Investment Surcharge from the Affordable Care Act</b>	2.8% on net investment income when adjusted gross income exceeds \$250,000 if married, filing jointly	No Change
<b>Retirement Savings</b>	Contribution limits of \$18,000/year plus \$6,000 "catch-up" if over age 50	Contribution limits of \$18,500/year plus \$6,000 "catch-up" if over age 50
<b>Personal Alternative Minimum Tax</b>	Separate tax with a max rate of 28%	Modified slightly with higher exemptions

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Kiddie Tax	Child's unearned income tax is charged at their parents' tax rate	Child's unearned income tax is charged at a Trust tax rate
Alimony	Deductible by payor, included as income by payee	For divorces after Dec 31, 2018, non-deductible by payor and not taxable by payee (no affect on those divorced before Jan 1, 2019)
Child Support	Not deductible as alimony	No Change
Sales of specific investment lots	Allowed to identify specific lot of securities to be sold	No Change
Top C Corp Tax Rate	35%	21%
Sole Proprietors/Pass-Through Entities	Taxed at individual rates up to 39.6%	Individuals may deduct 20% of domestic qualified business income from partnerships, S-Corps, or Sole Proprietorships. Personal service professionals (CPSs, attorneys, financial advisors, etc.) get limited tax benefit

Source: IRS.gov

\*Expires after 2025

\*\*Subject to Phase Out

\*\*\*Prior to 2018, assets in 529 savings plans could only be used for post-secondary education and after Jan 1, 2018, \$10,000 may be used for K-12 private school tuition and any amount can be used for post-secondary education

\*\*\*\*GSTT (or Generation Skipping Transfer Tax) levies a second tax on gifts made to grandchildren or those who are more than 37½ years younger than the person making the gift or bequest. This is to make sure those gifts are treated consistently with the policy behind the estate tax.

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