

Tax Cuts and Jobs Act

Individual Provisions Comparison

Personal Exemptions

	Pre-TCJA (2017)	Post-TCJA (2018)
Taxpayer, Spouse, Qualified Child Qualified Relative	\$4,050 for each person in the household	All Personal Exemptions are Eliminated

Standard Deduction

If your filing status is...	Pre-TCJA (2017)	Post-TCJA (2018)
Single		
Under 65	\$6,350	\$12,000
65 or older—Blind	\$1,550—Additional	\$1,600—Additional
Married filing joint		
Under 65	\$12,700	\$24,000
65 or older—Blind	\$1,250—Additional	\$1,300—Additional
Married filing separately		
Under 65	\$6,350	\$12,000
65 or older—Blind	\$1,250—Additional	\$1,300—Additional
Head of Household		
Under 65	\$9,350	\$18,000
65 or older—Blind	\$1,550—Additional	\$1,600—Additional
Qualifying Widow(er) - w/dependent child		
Under 65	\$12,700	\$24,000
65 or older—Blind	\$1,250—Additional	\$1,300—Additional
Dependent filing own return but not claiming a personal exemption—Any age	\$1,050 or \$350 plus the dependent's earned income, not to exceed the standard deduction for their filing status	No Change

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Itemized Deductions

	Pre-TCJA (2017)	Post-TCJA (2018)
Mortgage Interest Deduction	Interest on combined mortgages up to \$1,000,000 on the primary and one secondary home is deductible.	Only interest on mortgages up to \$750,000 on the primary home is deductible.
State and Local Tax Deductions	Home Equity Interest on loans up to \$100,000 is deductible. State and Local Income Taxes or the State Sales Tax is deductible. State Real Estate and Personal Property Taxes are deductible. There is no cap or limit on the deduction for State and Local Taxes.	Home Equity Interest is no longer deductible. Deductions for all State and Local Taxes are capped at \$5,000 for MFS and \$10,000 for all other Filers.
Medical Expenses	Medical Expenses in excess of 10% of AGI are deductible.	For 2017 and 2018, Medical Expenses in excess of 7.5% of AGI are deductible. Starting in 2019, the AGI threshold reverts back to 10%.
Charitable Deductions	Cash charitable contributions are limited to 50% of AGI.	Cash charitable contributions are limited to 60% of AGI.
Casualty Losses	Individuals can deduct personal casualty losses (fire, theft, etc.) subject to a \$100 deductible and in excess of 10% of AGI.	Personal casualty losses will only be deductible if it is attributed to a federally declared disaster. Loss is still subject to the \$100 deductible and must be in excess of 10% of AGI.
Miscellaneous Deductions	Certain miscellaneous deductions in excess of 2% of AGI for unreimbursed business or job expenses, tax preparation fees, etc., are deductible.	All miscellaneous deductions previously subject to the 2% of AGI have been eliminated.
Total Itemized Deduction Limit	Itemized deductions are limited for taxpayers whose AGI exceeds \$313,800—MFJ; \$287,650—HOH; \$261,500—Single; \$158,900—MFS	There are no longer AGI limits on itemized deductions.

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Other Deduction/Adjustment Provisions

	Pre-TCJA (2017)	Post-TCJA (2018)
Moving Expenses	Taxpayers can deduct moving expenses when they move for a job as long as the new place of employment is 50 miles or more farther than the previous place of employment was to the taxpayer's residence.	Moving Expenses for most taxpayers have been eliminated. This provision does not apply to members of the Armed Forces on active duty.
Alimony	Alimony paid by a taxpayer is deducted from Adjusted Gross Income. Alimony received by a taxpayer is considered income and is included in Adjusted Gross Income.	Beginning in 2019 Alimony paid based on a divorce agreement executed or modified after 2018 is no longer deductible. Alimony received based on a divorce agreement executed or modified after 2018 is no longer income. Alimony paid or received based on a divorce agreement executed or modified before January 1, 2019 shall continue to be reported as under Pre-TCJA requirements.
Alternative Minimum Tax Exemptions	AMT Exemption Amounts are: Single—\$54,300 Married Filing Jointly—\$84,500 Married Filing Separately—\$42,250 Head of Household—\$54,300	AMT Exemption Amounts are: Single—\$70,300 Married Filing Jointly—\$109,400 Married Filing Separately—\$54,700 Head of Household—\$70,300
Alternative Minimum Tax Phase Out	AMT Phase Out Amounts are: Single—\$120,700 Married Filing Jointly—\$160,900 Married Filing Separately—\$80,450 Head of Household—\$120,700	AMT Phase Out Amounts are: Single—\$500,000 Married Filing Jointly—\$1,000,000 Married Filing Separately—\$500,000 Head of Household—\$500,000
Domestic Production Activity Deduction	A deduction of up to 9% of Qualified Production Activities Income for engaging in certain manufacturing or production activities.	Domestic Production Activities Deduction have been eliminated on individual tax returns effective in 2018.

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Other Provisions

	Pre-TCJA (2017)	Post-TCJA (2018)
Shared Responsibility Payment under the ACA	<p>Taxpayers who do not have minimum essential coverage or a coverage exemption owe 1/12th of the annual responsibility payment for each month they do not have coverage. This penalty is the greater of the following:</p> <ul style="list-style-type: none"> • 2.5% of household income that is in excess of the taxpayer's filing threshold • \$695 per adult and \$347.50 per child (under age 18) 	<p>Starting in 2019, the responsibility payment has been reduced to zero.</p> <p>In 2018, the responsibility payment for taxpayers who do not have minimum essential coverage or an exemption for the entire year will be calculated in the same manner as 2017.</p> <p>New for 2018, taxpayers that have minimum coverage or an exemption for the entire year do not have to file Form 8965</p>
Student Loan Debt Discharge	Included in gross income.	Student loan debt discharged on account of death or disability is no longer included in gross income.
Section 529 Plans	Amounts contributed to a Section 529 Plan can only be used for post-secondary school and qualified higher education expenses.	New for 2018, 529 plan distributions can be used to pay up to \$10,000 in tuition expenses for attendance at elementary and secondary schools.
Net Operating Losses	<p>Taxpayer can elect to take a Net Operating Loss (NOL) as a carryback or carryforward. A NOL carryback is taken back 2 years, then forward. NOL is not limited, and any NOL not used can be a carryover up to 20 years.</p> <p>NOL as a carryback were reported on Form 1045-Application for Refund or by filing amended returns.</p>	<p>NOL can no longer be a carried back (except for farming) and can only be carried forward.</p> <p>NOL deduction is now limited to 80% of taxable income calculated without regard to the NOL deduction.</p> <p>NOL can be carried forward indefinitely until it is used.</p>
Indexing Provisions	Indexing of tax provisions are modified by changes in the traditional CPI method.	Indexing will be done using CPI-U (chained CPI) which is expected to result in smaller increases.

Tax Cuts and Jobs Act Individual Provisions Comparison

Child Tax Credit/Other Dependent Credit

	Pre-TCJA (2017)	Post-TCJA (2018)
Maximum Amount	\$1,000/Qualifying Child Age 16 or under	\$2,000/Qualifying Child Age 16 or under
Income Phase Out		
Single/Head of Household	\$75,000	\$200,000
Married Filing Separately	\$55,000	\$200,000
Married Filing Jointly	\$110,000	\$400,000
Qualifying Child Age—17 to 24	Not Eligible	\$500 Non-refundable Credit
Qualifying Relative	Not Eligible	\$500 Non-refundable Credit
Qualifying Child with ITIN	Eligible for \$1,000 Credit	Valid Social Security Number is now required for \$2,000 Credit Child with ITIN living in US is eligible for the \$500 Non-refundable Credit

Refundable Child Tax Credit

	Pre-TCJA (2017)	Post-TCJA (2018)
Maximum Amount Refundable	\$1,000/Qualifying Child Age 16 or under	\$1,400/Qualifying Child Age 16 or under
Income Phase Out		
Single/Head of Household	\$75,000	\$200,000
Married Filing Separately	\$55,000	\$200,000
Married Filing Jointly	\$110,000	\$400,000
Qualifying Child—Age 17 to 24	Not Eligible	Not Eligible
Qualifying Relative	Not Eligible	Not Eligible
Qualifying Child with ITIN	Eligible	Not Eligible for any refundable credit. Valid Social Security Number is now required

Tax Cuts and Jobs Act Business Provisions Comparison

Major Business Provisions

	Pre-TCJA (2017)		Post-TCJA (2018)	
C Corporation Tax Rates	\$0 to \$50,000	15%	All taxable income	21%
	\$50,001 to \$75,000	25%		
	\$75,001 to \$10,000,000	34%		
	Over 10,000,000	35%		
Personal Service Corporation (filing on Form 1120 as a C Corporation)	Flat Rate	35%	Flat Rate	21%
Business Interest Deduction	Interest incurred by a business was deductible as an ordinary business expense.		Interest deduction is limited to 30% of AGI with gross revenue of over \$25 million in any of their three preceding years.	
Pass-Through Entity Deduction for Qualified Business Income	No Deduction		Partnerships (Form 1065), S-Corporations (Form 1120S) and sole proprietors (Form 1040, Schedule C) can deduct 20% of the qualified business income received from the entity.	
Bonus Depreciation	For new (not used) assets only		For newly acquired assets:	
	2017—50% Bonus Depreciation		After 9/27/2017 through 2022—	
	2018—40% Bonus Depreciation		100% Bonus Depreciation	
	2019—20% Bonus Depreciation		2023—80% Bonus Depreciation	
	2020—Expired		2024—60% Bonus Depreciation	
			2025—40% Bonus Depreciation	
			2026—20% Bonus Depreciation	
			2027—Expired	
Domestic Production Activity Deduction	A deduction of up to 9% of Qualified Production Activities Income for engaging in certain manufacturing or production activities.		Domestic Production Activities Deduction has been eliminated on all business entity tax returns starting in 2018 except for C-Corporations (Form 1120) which can continue to claim the deduction through 2018.	

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Business Provisions Comparison

Major Business Provisions

	Pre-TCJA (2017)	Post-TCJA (2018)
Meals	100% of the cost of meals provided at the convenience of the employer at their location can be deducted.	On-site meals will be subject the 50% disallowance rule that applies to all other meal deductions taken by the employer.
Entertainment	50% of certain entertainment expenses incurred in connection with a business were deductible.	The deduction for entertainment expenses has been eliminated.
Corporate Alternative Minimum Tax	C-Corporations with gross revenue in excess of \$7.5 million were subject to an AMT which is a tax of 20%.	The corporate AMT (Form 1120) has been eliminated.
Like-Kind Exchanges	Either real or personal, qualifies as eligible property for a like-kind exchange.	Only real property will qualify for treatment under Section 1031 as a like-kind exchange.

Other Provisions

	Pre-TCJA (2017)	Post-TCJA (2018)
International Income	Worldwide income is subject to taxation	Moves to a territorial system and income earned outside of the US will not be subject to taxation in the US.
Repatriation of Income	Not applicable	Deferred foreign profits returned to the US taxed at 15.5% for liquid assets and 8% for non-liquid assets
Estate Tax	Estate tax exemption was \$5.6 million	Estate tax exemption is \$11.2 million which will be adjusted annually based on chained CPI.

Tax Cuts and Jobs Act Charts Individual Tax Rates

Single Pre-TCJA (2017)

Marginal Tax Rate	Taxable Income
10%	\$0-\$9,325
15%	\$9,326—\$37,950
25%	\$37,951—\$91,900
28%	\$91,901-\$191,650
33%	\$191,651-\$416,700
35%	\$416,701-\$418,400
39.6%	\$418,401 or more

Single Post-TCJA (2018)

Marginal Tax Rate	Taxable Income
10%	\$0-\$9,525
12%	\$9,526—\$38,700
22%	\$38,701—\$82,500
24%	\$82,501-\$157,500
32%	\$157,501-\$200,000
35%	\$200,001-\$500,000
37%	\$500,001 or more

Married Filing Jointly / Qualify- ing Widow—Pre-TCJA (2017)

Marginal Tax Rate	Taxable Income
10%	\$0-\$18,650
15%	\$18,651—\$75,900
25%	\$75,901—\$153,100
28%	\$153,101-\$233,350
33%	\$233,351-\$416,700
35%	\$416,701-\$470,700
39.6%	\$470,701 or more

Married Filing Jointly / Qualify- ing Widow—Post-TCJA (2018)

Marginal Tax Rate	Taxable Income
10%	\$0-\$19,050
12%	\$19,051—\$77,400
22%	\$77,401—\$165,000
24%	\$165,001-\$315,000
32%	\$315,001-\$400,000
35%	\$400,001-\$600,000
37%	\$600,001 or more

Tax Cuts and Jobs Act Individual Tax Rates

Married Filing Separately Pre-TCJA (2017)

Marginal Tax Rate	Taxable Income
10%	\$0-\$9,325
15%	\$9,326—\$37,950
25%	\$37,951—\$76,550
28%	\$76,551-\$116,675
33%	\$116,676-\$208,350
35%	\$208,351-\$235,350
39.6%	\$235,351 or more

Married Filing Separately Post-TCJA (2018)

Marginal Tax Rate	Taxable Income
10%	\$0-\$9,525
12%	\$9,526—\$38,700
22%	\$38,701—\$82,500
24%	\$82,501-\$157,500
32%	\$157,501-\$200,000
35%	\$200,001-\$300,000
37%	\$300,001 or more

Head of Household Pre-TCJA (2017)

Marginal Tax Rate	Taxable Income
10%	\$0-\$13,350
15%	\$13,351—\$50,800
25%	\$50,801—\$131,200
28%	\$131,201-\$212,500
33%	\$212,501-\$416,700
35%	\$416,701-\$444,550
39.6%	\$444,551 or more

Head of Household Post-TCJA (2018)

Marginal Tax Rate	Taxable Income
10%	\$0-\$13,600
12%	\$13,601—\$51,800
22%	\$51,801—\$82,500
24%	\$82,501-\$157,500
32%	\$157,501-\$200,000
35%	\$200,001-\$500,000
37%	\$500,001 or more