



Wealth Management

TOTAL CONTINGENCY PLANNING

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A summary of recently enacted HR-1 Tax Cuts & Jobs Act - changes affecting individual taxpayers and families

- The individual income tax rate structure under the Senate proposal would continue with the current seven brackets with rates as follows: 10%, 12%, 22%, 24%, 32%, 35% and 38.5%, effective for the 2018 tax year.
 - The 12% bracket would be in effect for single taxpayers at \$9,525 and married filing jointly at \$19,050.
 - The 22% bracket would be in effect at \$38,700 for single taxpayers and \$77,400 for married filing jointly.
 - The 24% bracket would be in effect for single taxpayers at \$70,000 and \$140,000 for married filing jointly.
 - The 32% bracket would be in effect for single taxpayers at \$160,000 and \$320,000 for married filing jointly.
 - The 35% bracket would be in effect for single taxpayers at \$200,000 and \$400,000 for married filing jointly.
 - The 38.5% bracket would be in effect for single taxpayers \$500,000 and \$1,000,000 for married filing jointly.
- The current standard deduction would approximately double to \$12,000 for single individuals and \$24,000 for married filing jointly. Current elderly and blind additional standard deduction would be kept under the Senate proposal.
- Under current law, taxpayers, spouses, and dependents are allowed a personal exemption of \$4,050 each. Under the proposed Senate law, personal exemptions would be eliminated.
- Under the Senate proposal the following itemized deductions would be repealed:
 1. state and local taxes, including property taxes,
 2. personal casualty and theft losses, except for personal casualty loss incurred in a Presidentially-declared disaster, and
 3. home equity indebtedness. The Senate proposal does not change current home mortgage interest expense rules.
- Individual taxpayers are allowed a “miscellaneous itemized deduction” for certain expenses to the extent they exceed two percent of adjusted gross income. Miscellaneous itemized deductions include expenses related to the production/collection of income and unreimbursed employee costs. The Senate proposal repeals all miscellaneous itemized deductions.
- The charitable contribution AGI limit would increase from 50% to 60% for cash contributions to public charities.



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- Individual taxpayers may exclude a portion of the gain on the sale of their principal residence if they owned and used their residence two out of the last five years. The Senate proposal extends the holding and use period to five out of eight years.
- The Senate proposal would repeal the deduction for moving expenses.
- The Senate proposal would increase the child tax credit from \$1,000 to \$2,000, with the first \$1,000 of credit refundable.
- As with the House proposal, the Senate proposal would repeal the individual alternative minimum tax or AMT.
- Under the Affordable Care Act individuals must be covered by a health plan that provides minimum essential coverage or be subject to a tax (known as the individual mandate). Under the Senate proposal the individual mandate would be repealed.
- The Senate proposal increases the estate and gift per person tax exemption to \$10,000,000, effective for tax years beginning after December 31, 2017.