

The proposed Federal tax legislation was signed into law by the President last Friday, 12/22/17. The new tax law is over 1,000 pages long and has many new changes. We summarized some of them for you to consider, many of the changes are effective for the 2018 to 2025 tax years.

The new individual tax brackets are 10%, 12%, 22%, 24%, 32%, 35%, 37%, however, thresholds and itemized deductions have changed, so the benefits and disadvantages will be determined by each person's unique circumstances.

Beneficial – Individual starting 2018

1. Standard deduction is increased to \$12,000 for single, \$24,000 for married
2. Child tax credit is increased to \$2,000 with up to \$1,400 refundable, but income phaseouts apply
3. New \$500 credit for non-child dependent, such as a parent dependent
4. AMT tax exemption increased to \$70,300, phase out increased to \$500,000 for single and exemption increased to \$109,400 and phaseout to \$1 million for married
5. Estate tax exemption is doubled to \$11.2 million for 2018
6. Penalty for not having health insurance no longer effective 2019 forward


Non-Beneficial – Individual starting 2018

1. Itemized deduction for state and property tax is limited to \$10,000
2. Itemized deductions for miscellaneous deductions such as investment advisory fees, tax preparation, and employee unreimbursed expenses are not deductible
3. Home line of credit interest is not deductible
4. Personal exemption of \$4,050 is removed
5. Personal property casualty losses subject to 10% of AGI limited to Federally declared disasters only
6. New home mortgage loans are subject to a limitation of \$750,000 for deductible interest
7. Alimony is not deductible for new agreements 2019 forward

If your current combined state and property tax is over \$10,000, it may benefit you to pre-pay your state property taxes for April 2018 before the end of 2017, rather than having them limited to \$10,000 and receiving a reduced deduction in 2018.

I look forward to working with you during the upcoming tax season and wish you a safe and festive new year.

Best Regards,



Nona S. Solowitz, CPA