

# 2018

## Summary of the Tax Changes for Individuals

- Generally effective on January 1, 2018
- Most changes are temporary & Sunset (expire) beginning 2026
- Clarification is needed in many areas
- Still seven (7) tax brackets: 10%, 12%, 22%, 24%, 32%, 35%, 37%
- Dependent Exemption is eliminated – can no longer take a deduction for dependents
- Child Tax Credit is increased to \$2,000
- There is a new \$500 non-child dependent credit
- The Standard deduction is increased: \$12,000 & \$24,000 (Single & Married Filers, respectively)
- Increased exemption amounts in the AMT (Alternative Minimum Tax)
- Limitation of overall Itemized Deductions has been repealed.
- Medical deductions – over 7.5% for 2018, 10% thereafter for future years
- Mortgage interest limited to \$750K of debt (contract prior to 12/15/2017, close by 4/1/18) is grandfathered
- State & Local tax deduction is limited to \$10,000
- Casualty Losses are no longer deductible except for federally declared disasters
- Moving Expenses are no longer deductible, except for members of the Armed Forces
- Miscellaneous deductions subject to 2% AGI have been completely eliminated, this means the following can no longer be deducted:
  - Unreimbursed Employee Business Expenses
  - Tax Preparation Fees
  - Hobby Expenses
  - Investment Expenses & Fees
  - Legal Fees related to producing income
  - Safe deposit fees
  - Gambling Losses
- The following provisions have expired and can no longer be deducted:
  - Cancellation of Debt (COD) on Principal Residence
  - Deduction of PMI (Premium Mortgage Insurance)
  - Above the line deduction for Tuition & Fees (credits still available)
  - Credits for qualified Energy property
- QBI – Qualified Business Income deduction (QBI) (*See Summary of Corporate Changes*)
- Individual Mandate is eliminated starting January 1, 2019
- Can no longer recharacterize a Roth conversion back to a traditional IRA
- Education section 529 funds can now be used for Private School Tuition
- Alimony is no longer deductible (nor includible for recipients) for divorces executed after Dec 31, 2018
- Charitable Cash Contributions deduction increased to 60% of AGI from 50%
- Must have written acknowledgement from charity for contribution \$250 or more