

Individuals

- 1.) One of the bigger changes, pass through entity owners and sole proprietors are to deduct up to 20% of Qualified Business Income from taxable income before subtracting standard deduction. This QBI, from the above pass through and sole proprietorship entities are limited to 50% of wages paid by these entities or 25% of wages and 2.5% of unadjusted basis of all qualified property (before depreciation).
- 2.) Standard deduction for all filers is increased, in 2018, almost 90% from 2017-single filers (\$6,350 to \$12,000), married filing joint (\$12,700 to \$24,000), head of household (\$9,350 to \$18,000).
 - a.) Personal exemption is eliminated due to the big increase in the standard deduction.
 - 3.) Child tax credit goes from \$1,000 to \$2,000.
 - a.) New is the \$500 non-refundable credit for non-child dependents.
 - b.) Joint phaseout starts at \$400,000 and all other filer status at \$200,000.
- 4.) Non-corporate business losses in excess of \$500,000 for joint filers cannot be deducted in the current year, but become loss carryovers and the limit will be indexed for inflation.
 - a.) Losses from partnerships and S Corporation would apply at partner/share holder level, not at entity level.
- 5.) 529 plan distributions for allowed educational expenses up to \$10,000 a year and can be used for elementary or secondary school tuition at public, private, or religious schools.
 - a.) Can be used for home school expenditures for curricular materials, books and instructional materials, online education materials, outside tutoring, and educational therapies for students with learning disabilities.
- 6.) Student loans dischargeable due to death or disability are not taxable income.
- 7.) Medical expense floor reverts back to 7.5% of AGI for 2017-18, then goes up to 10% in 2019.
- 8.) Real estate, state and local income taxes, sales taxes capped at \$10,000.
- 9.) New acquisition debt (mortgage) on personal residence drops to \$750,000 after December 31, 2017. Old limit applies to binding contracts entered into before December 31, 2017 for homes purchased before April 1, 2018.
 - a.) Refinancing existing acquisition debt still allowed up to \$1 million limit.
- 10.) Charitable contributions allowed up to 60% of AGI on cash donations
- 11.) Tax preparation fees not related to business income (tax returns) suspended after December 31, 2017.
- 12.) All Miscellaneous Itemized Deductions subject to 2.5% of AGI suspended.
- 13.) Alimony payments, on divorce decrees finalized after December 31, 2018, are not deductible to the payer nor taxable income to payee.
- 14.) Moving expenses to non-military taxpayers are suspended.
 - a.) Qualified moving expense reimbursements will become included in income.
 - b.) Bicycle commuting reimbursements will become included in income.
- 15.) ROTH IRA re-characterizations from traditional IRAs to Roth IRAs will no longer be allowed and it cannot be unwound from an ROTH IRA.
 - a.) Rollover loan balances must be contributed to a IRA before the due date for filing a tax return to keep it from becoming taxable income upon termination of plan or separation from employment.
- 16.) Alternative minimum Tax exemption floor rises from \$86,200 to \$109,400 for joint filers and for single filers from \$55,400 to \$70,300; phaseout of AMT exemption starts at \$1million for joint returns and \$500,000 for all others.