TAX CUTS AND JOBS ACT OF 2017

This table compares the predominate changes made by the "Tax Cuts and Jobs Act of 2017" to the tax law as it was during 2017 for individuals and small businesses.

2017	TAX CUTS & JOBS ACT (2018)
Exemptions	
$4,050	***Suspended through 2025 (effectively repealed)***
Standard Deductions	
Single: $6,350 Head of household: $9,350 Married filing joint: $12,700 Add'l Elderly & Blind Joint & Surviving Spouse: $1,250 Others: $1,550	Single: $12,000 Head of household: $18,000 Married filing joint: $ 24,000 Add'l Elderly & Blind Joint & Surviving Spouse: $1,300 Others: $1,600
Itemized Deductions	
Medical – Allowed in excess of 10% of AGI	Retained for 2017 and 2018 with an AGI threshold of 7.5% regardless of age. Threshold increases to 10% after 2018. 7.5% threshold also applies for AMT purposes for '17 and '18.
Taxes – Property taxes, and state and local income taxes are deductible. Taxpayers can elect to deduct sales tax in lieu of state income tax.	**The deduction for taxes is retained but capped at $10,000 for the year.** Foreign real property taxes may not be included. ***The Act prohibits claiming a 2017 itemized deduction on a pre-payment of income tax for 2018 or other future taxable years in order to avoid the dollar limitation applicable for taxable years beginning after 2017.***
Home Mortgage Interest – Allows interest on $1M of acquisition debt on primary and second home and interest on $100K of home equity debt.	Allows interest on $750K of acquisition debt on primary and secondary home. Grandfathers interest on up to $1M of acquisition debt for loans prior to 12/15/2017. ***Repeals the deduction for home equity debt.***
Charitable Contributions – Allows charitable contributions generally not exceeding 50% of a taxpayer's AGI.	Continues to allow charitable contributions and increases the 50% of AGI to 60%. ***Bans charitable deduction for payments made in exchange for college athletic event seating rights.*** Also repeals certain substantiation exceptions.
Gambling Losses – Allows a deduction for gambling losses not exceeding gambling income.	Continues to allow a deduction for gambling losses not to exceed the gambling income. Clarifies that "gambling losses" includes any deduction otherwise allowable in carrying on any wagering transaction.
Tier 2 Miscellaneous – Includes deductions for employee business expenses, tax preparation fees, ***investment expenses*** and certain casualty losses.	***Suspends all tier 2 (those subject to the 2% of AGI threshold) itemized deductions through 2025.***

<u>*Phase-out of Itemized Deductions*</u> – Itemized deductions are phased out for higher income taxpayers.	***The phase-out is suspended through 2025***
<u>*Above-The-Line Deductions*</u>	
<u>*Teachers' Deduction – Allowed up to $250 (indexed) for classroom supplies and professional development courses.*</u>	Continues to allow this deduction.
<u>*Tax Rates*</u>	
<u>*There are seven tax brackets: 10, 15, 25, 28, 33, 35 and 39.6%.*</u>	There will continue to be seven tax brackets but at different rates and thresholds. The rates are: 10, 12, 22, 24, 32, 35 and 37%
<u>*Child Tax Credit*</u>	
<u>*Allows a credit of $1,000 per qualified child under the age of 17. The credit is reduced by $50 for each $1,000 the taxpayer's modified gross income exceeds $75K for single taxpayers, $110K for married taxpayers filing joint and $55K for married taxpayers filing separate. Taxpayers are eligible for a refundable credit equal to 15% of earned income in excess of $3,000. There is also a special refundable computation when there are 3 or more qualifying children.*</u>	Retains the "under age 17" requirement and increases the child tax credit to $2,000, with up to $1,400 being refundable per qualified child. The credit phases out for taxpayers with AGI over $200,000 ($400,000 if married joint). Thresholds are not inflation-indexed. Child must have a valid Social Security Number that is issued before the due date of the return to qualify for this credit.
<u>*Non-child Dependent Credit*</u>	
<u>*No such provision*</u>	Allows a $500 non-refundable credit for non-child dependents. Same phaseout rule as for Child Tax Credit.
<u>*Alternative Minimum Tax (AMT)*</u>	
<u>*Individuals – 2017 Exemption amounts are $84,500 for married taxpayers filing jointly, $42,250 for married filing separate, and $54,300 for single and head of household.*</u> <u>*The exemption phase-out thresholds are:*</u> <u>*$160,900 for married taxpayers filing jointly, $80,450 for married filing separate, and $120,700 for single and head of household.*</u>	Retained, but the exemption amounts are increased to: $109,400 for married taxpayers filing jointly, $54,700 for married filing separate, and $70,300 for single and head of household. The exemption phase-out thresholds are increased to: $1 Million for married taxpayers filing jointly and $500K for others.
<u>*Corporate AMT*</u>	Repealed
<u>*Estate & Gift Taxes*</u>	
<u>*$5.49 Million (2017) is exempt from gift and/or estate tax. This is in addition to the annual gift tax exclusion, which for 2017 is $14,000 per gift recipient.*</u>	The exclusion is increased to $10 Million adjusted for inflation since 2011, which is estimated to be approximately $11.2 Million. ***The annual gift tax exclusion is retained.***
<u>*Entertainment Expenses*</u>	
<u>*A taxpayer who can establish that entertainment expenses or meals are directly related to (or associated with) the active conduct of its trade or business, generally may deduct 50% of the expense.*</u>	***No deduction is allowed for (1) an activity generally considered to be entertainment, amusement or recreation, (2) membership dues with respect to any club organized for business, pleasure, recreation or other social purposes, or (3) a facility or portion thereof used in connection with items (1) and (2).*** Also disallows a deduction for expenses associated with providing any

	qualified transportation fringe to the taxpayer's employees. Employers may still deduct 50% of the food and beverage expenses associated with operating their trade or business (e.g., meals consumed by employees on work travel).
Sec 179 Expensing	
A taxpayer can elect to expense up to $510,000 of tangible business property, off the shelf software and certain qualified real property (generally leasehold improvements). The annual limit is reduced by $1 for every $1 over a $2,030,000 investment limit. The Sec 179 deduction for certain sport utility vehicles is capped at $25,000.	For property placed in service after 2017: The annual expensing and investment threshold limits are increased to $1,000,000 and $2,500,000, respectively, with both subject to inflation indexing. SUV cap to be inflation-adjusted. Definition of Sec 179 property expanded to include certain depreciable tangible personal property – e.g., beds and other furniture, refrigerators, ranges, and other equipment used in the living quarters of a lodging facility such as an apartment house, dormitory, or any other facility (or part of a facility) used predominantly to furnish lodging or in connection with furnishing lodging. Expands the definition of qualified real property eligible for Sec 179 expensing to include any of the following improvements to nonresidential real property placed in service after the date such property was first placed in service: roofs; heating, ventilation, and air-conditioning property; fire protection and alarm systems; and security systems.
Unlimited Expensing	
For 2017 current law allows 50% of the cost of eligible new property to be deducted with the balance of the cost depreciable. This is commonly termed "bonus" depreciation. The bonus rate is scheduled to decline to 40% for 2018, 30% for 2019 and 0% thereafter.	**Allows 100% unlimited expensing of tangible business assets (except structures) acquired after September 27, 2017 and through 2022. Applies when a taxpayer first uses the asset (does not need to be new).**
Deduction For Pass-Through Income	
No such provision.	The Act provides a 20% deduction for pass-through income, limited to the greater of (1) 50 percent of wage income or (2) 25% of wage income plus 2.5% of the cost of tangible depreciable property for qualifying businesses, including publicly traded partnerships, but not including certain service providers. The limitations (both caps and exclusions) do not apply to joint filer's with income below $315K and ratably phases out between $315K and $415K, For other filers the threshold is $157K and phases out between $157K and $207K.

Domestic Production Deduction (Sec 199)	
Sec 199 provides a deduction from taxable income (AGI in the case of an individual), equal to 9% of the lesser of the taxpayer's qualified domestic production activities income or taxable income (determined without regard to the section 199 deduction) for the taxable year. The deduction is further limited to 50% of the W-2 wages paid by the taxpayer that are allocable to domestic production gross receipts for the year.	***Repealed, effective 2018***