

The Tax Cuts and Jobs Act of 2017 is considered the most significant revisions to the Internal Revenue Code in more than 30 years. Many provisions included in the Act take effect January 1, 2018, and will affect virtually all U.S. taxpayers. The table below compares modifications that went into effect starting January 1, 2018 with previous tax law allowing you to easily determine elements having the most impact to you and your family.

## INDIVIDUAL PROVISIONS

Topic	Previous Tax Law	2017 Tax Reform Act
Individual rates on ordinary income <sup>i</sup>	Seven brackets with top rate of 39.6 percent	Seven brackets with top rate of 37 percent <a href="#">Click Here for a Current Tax Rate Chart</a>
Capital gains rate	Top rate of 20 percent	No change; also is still subject to NIIT 3.8% when applicable.
Non-passive losses from flow-through entity	Deductible to extent sufficient tax basis exists	Non-passive losses limited to \$250,000 (\$500,000 MFJ); excess loss treated as NOL & carried forward
Carried interest	Capital gains rate after one-year holding period for interests received in exchange for performance of services	Capital gains rate after three-year holding period
Identification of shares of stock sold, exchanged or otherwise disposed of	Taxpayers may use either a first-in, first-out (FIFO) or specific identification method when less than entire holding of particular stock is sold, exchanged or otherwise disposed of	No change
Alternative Minimum Tax	28 percent top rate; exemption of \$55,400 for single filers (\$86,200 MFJ); exemption amounts begin to phase out at \$123,100 & \$164,100, respectively	28 percent top rate; exemption of \$70,300 for single filers (\$109,400 MFJ) beginning after 12/31/2017; exemption amounts begin to phase out at \$500,000 & \$1 million, respectively
<i>Affordable Care Act</i> individual mandate	Individuals not covered by health plan that provides at least minimum essential coverage must pay individual shared responsibility payment	Individual shared responsibility payment reduced to zero for months beginning after 12/31/2018

Topic	Previous Tax Law	2017 Tax Reform Act
Discharge of certain student loan indebtedness	Generally included in taxable income unless certain exceptions apply	Income from discharge of student loan debt on account of death or total & permanent disability of student excluded from taxable income
Standard deduction	\$6,500 for single filers, \$9,550 head of household & \$13,000 MFJ	\$12,000 for single filers, \$18,000 head of household & \$24,000 MFJ)
Personal exemption	\$4,150	Repealed
Exclusion for gain from sale of principal residence	Exclusion up to \$250,000 for single filers (\$500,000 MFJ) of gain from sale of principal residence where home used as principal residence for at least two of previous five years	No change
Recharacterization of certain IRS & Roth IRA contributions	Contributions to a traditional IRA permitted to be recharacterized as contribution to a Roth IRA or vice versa; permits recharacterization of conversions	Recharacterization can't be used to unwind Roth IRA conversions
Child tax credit	\$1,000; phaseout at \$75,000 for single filers (\$110,000 MFJ)	\$2,000 (\$1,000 refundable); phase out beginning at \$200,000 for single filers (\$400,000 MFJ)
Family flexibility credit	Not addressed	\$500 nonrefundable credit for dependents other than qualifying children; phaseout at \$200,000 for single filers (\$400,000 MFJ)
Education tax credits	Three higher education tax credits provided: American Opportunity Tax Credit (AOTC), Hope Scholarship Credit & Lifetime Learning Credit	Elementary & secondary school expenses up to \$10,000 treated as qualified expenses for 529 plans

Topic	Previous Tax Law	2017 Tax Reform Act
<b>Above-the-Line Deductions</b>		
Educator expense	Deduction up to \$250 (\$500 MFJ) for qualified expenses paid by eligible educators	No change
Qualified moving expenses	Deduction for expense paid for moving at least 50 miles in connection with a job or business	Repealed
Alimony paid	Deduction for qualifying amounts paid under a divorce or separation instrument	Repealed (both deduction & income inclusion); effective for divorce decrees executed after December 31, 2018
Student loan interest deduction	Deduction for qualified student loan interest paid during year for nondependent taxpayers with adjusted gross income (AGI) less than \$80,000 single (\$160,000 MFJ)	No change
Tuition & fees	Deduction for qualified tuition & fees paid during year	No change

Topic	Previous Tax Law	2017 Tax Reform Act
<b>Itemized Deductions</b>		
Medical & dental expense	Deduction for out-of-pocket expenses paid or incurred during year to extent expenses exceed 10 percent of AGI	For 2017 & 2018, deduction for out-of-pocket expenses paid or incurred during year to extent expenses exceed 7.5 percent of AGI; threshold raises to 10 percent of AGI beginning in 2019
State and local taxes paid or accrued not in connection with a trade or business	Deduction for: 1) State, local & foreign real property taxes, 2) State and local personal property taxes & 3) state & local income taxes (or state & local sales tax paid, if higher)	Deduction limited to \$10,000 for the aggregate of: 1) State & local real and personal property taxes & 2) State and local income tax (or state and local sales tax paid, if higher)
Home mortgage interest expense	Deduction for mortgage interest paid or incurred on up to \$1 million of acquisition indebtedness & \$100,000 of home equity indebtedness	Deduction for mortgage interest paid or incurred on up to \$750,000 of acquisition indebtedness; deduction for interest paid on home equity loans eliminated (i)
Gifts to charity	Deduction for charitable contributions made during year; deduction for cash contributions limited to 50 percent of AGI	Deduction for cash contributions modified to increase AGI limitation to 60 percent
Personal casualty & theft losses	Deduction for casualty & theft losses incurred	Eliminated except for losses incurred within a major disaster area under the <i>Robert T. Stafford Disaster Relief &amp; Emergency Assistance Act of 2016</i>
Miscellaneous itemized deductions subject to 2% of AGI floor	Deduction for tax preparation fees, unreimbursed employee expenses & other miscellaneous items paid during year to extent they exceed 2 percent of AGI	Repealed

- (i) The \$1 million limitation remains for older debt. The deduction is not limited to interest on a taxpayer's principal residence. For tax years beginning after Dec. 31, 2025, the limitation reverts back to \$1,000,000 regardless of when the debt was incurred.