

Tax Cuts and Jobs Act of 2017 (TCJA)

Key Individual Tax Provisions

Item	IRC §	Effective Date	New Law	Before Law Change
Income Tax Rates and Exemptions				
Tax Rates and Brackets	1(j)	2018-2025	The following seven tax brackets apply for individuals: 10%, 12%, 22%, 24%, 32%, 35%, and 37%. The specific brackets and the income levels at which they apply, compared to prior law, are shown in the Individual Income Tax Rates chart on Page 7.	The following seven tax brackets applied for individuals: 10%, 15%, 25%, 28%, 33%, 35% and 39.6%.
Kiddie Tax	1(j)(4)	2018-2025	The taxable income of a child attributable to earned income is taxed under the rates for single individuals, and taxable income of a child attributable to net unearned income is taxed according to the brackets applicable to trusts and estates. This rule applies to the child's ordinary income and his income taxed at preferential rates.	The net unearned income of a child was taxed at the parents' tax rates if the parents' tax rates were higher than the tax rates of the child. The remainder of the child's taxable income [earned income, plus unearned income up to \$2,100 (for 2018), less the child's standard deduction] was taxed at the child's rates.
Personal Exemption Deduction	151(d)	2018-2025	The deduction for personal exemptions is eliminated.	The deduction for each personal exemption was \$4,150 for 2018, subject to a phaseout for higher earners.
Standard and Itemized Deductions				
Standard Deduction	63(c)(7)	2018-2025	The standard deduction is increased to \$24,000 for MFJ, \$18,000 for HOH and \$12,000 for all other taxpayers, adjusted for inflation in tax years after 2018. No changes are made to the current law additional standard deduction for the elderly and blind.	For 2018, the standard deduction amounts were to be: \$6,500 for single and MFS, \$9,550 for HOH and \$13,000 for MFJ. Additional standard deductions may be claimed by taxpayers who are elderly or blind.

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Item	IRC §	Effective Date	New Law	Before Law Change
Standard and Itemized Deductions (Continued)				
Medical Expense Deduction	213(f), 56(b) (1)	2017–2018	The threshold for medical expense deductions is 7.5%-of-AGI. In addition, the rule limiting the medical expense deduction for AMT purposes to the excess of such expenses over 10%-of-AGI doesn't apply.	The threshold was 10%-of-AGI for both regular tax and AMT.
State and Local Tax Deduction	164(b) (6)	2018–2025	<p>The itemized deduction for state and local taxes is limited to \$10,000 (\$5,000 for MFS) of the aggregate of (1) state and local property taxes and (2) state and local income, war profits and excess profits taxes (or sales taxes in lieu of income, etc. taxes) paid or accrued in the tax year.</p> <p>Caution: The provision also includes a rule stating that an individual may not claim an itemized deduction in 2017 on a pre-payment of income tax for a future tax year in order to avoid the dollar limitation applicable for tax years beginning after 2017.</p>	Real estate taxes and personal property taxes were fully deductible (as were state and local income taxes, unless the taxpayer elected to deduct state and local sales taxes instead).
Mortgage Interest Deduction	163(h) (3)	2018–2025	<p>The deduction for mortgage interest is limited to underlying indebtedness of up to \$750,000 (\$375,000 for MFS). The deduction for interest on home equity indebtedness is eliminated.</p> <p>Note: The new lower limit doesn't apply to any acquisition indebtedness incurred on or before 12/15/17.</p>	Qualified residence interest, which included interest paid on a mortgage secured by a principal residence or a second residence was deductible to the extent the underlying mortgage loans were acquisition indebtedness of up to \$1 million, plus home equity indebtedness of up to \$100,000.
Charitable Contribution Deduction	170(b) (1)(G)	2018 and Later	The limitation under IRC Sec. 170(b) for cash contributions to public charities and certain private foundations is 60%. Contributions exceeding the limitation are generally allowed to be carried forward and deducted for up to five years, subject to the later year's ceiling.	Such contributions were subject to a 50%-of-AGI limit with a carryforward period of five years

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Item	IRC §	Effective Date	New Law	Before Law Change
Standard and Itemized Deductions (Continued)				
Charitable Donations for College Athletic Seating Rights	170(l)	2018 and Later	No charitable deduction is allowed for any payment to an institution of higher education in exchange for the right to purchase tickets or seating at an athletic event.	A taxpayer could treat 80% of a payment as a charitable contribution where: (1) the amount was paid to or for the benefit of an institution of higher education and (2) such amount would be allowable as a charitable deduction but for the fact that the taxpayer received, as a result of the payment, the right to purchase tickets for seating at an athletic event in an athletic stadium of such institution.
Casualty and Theft Loss Deduction	165(h)(5)	2018–2025	The personal casualty and theft loss deduction is eliminated, except for personal casualty losses incurred in a federally-declared disaster. Note: The TCJA includes special relief provisions for tax years 2016–2017 for taxpayers who incurred losses from certain 2016 major disasters.	Personal casualty or theft losses are deductible if they exceed \$100 per casualty or theft and to the extent they exceed 10% of an individual's AGI. Special rules apply to losses incurred in a federally-declared disaster.
Gambling Losses	165(d)	2018–2025	All deductions for expenses incurred in carrying out wagering transactions, and not just gambling losses, are deductible only to the extent of gambling winnings.	Gambling losses are deductible to the extent of gambling winnings.
Miscellaneous	67(g)	2018–2025	The deduction for miscellaneous itemized deductions that are subject to the 2%-of-AGI floor is eliminated.	Individuals can deduct expenses for the production of income and unreimbursed employee business expenses, subject to a 2%-of-AGI floor.
Overall Limitation on Itemized Deductions	68(f)	2018–2025	The overall limitation on itemized deductions is eliminated.	Higher-income taxpayers who itemized their deductions were subject to a limitation on these deductions.

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Income and Losses				
Deduction for Qualified Business Income	199A	2018-2025	<p>An individual generally may deduct 20% of qualified business income from a partnership, S corporation or sole proprietorship, as well as 20% of aggregate qualified REIT dividends, qualified cooperative dividends and qualified publicly traded partnership income. Special rules apply to specified agricultural or horticultural cooperatives. The 20% deduction is not allowed in computing AGI, but rather is allowed as a deduction reducing taxable income.</p> <p>A limitation based on W-2 wages paid or capital investment is phased in for MFJ taxpayers with taxable income of \$315,000 or more (\$157,500 for other individuals). A disallowance of the deduction with respect to specified service trades or businesses also is phased in above these threshold amounts of taxable income. A specified service trade or business means any trade or business (1) involving the performance of services in the fields of health, law, accounting, actuarial science, performing arts, consulting, athletics, financial services, brokerage services or any trade or business where the principal asset of such trade or business is the reputation or skill of one or more of its employees or owners or (2) involving the performance of services that consist of investing and investment management trading, or dealing in securities, partnership interests or commodities.</p>	No provision.
Carried Interests	1061	2018 and Later	<p>A three-year holding period requirement applies in order for certain partnership interests received in connection with the performance of services to be taxed as long-term capital gain rather than ordinary income.</p>	Carried interests were taxed in the hands of the taxpayer (that is, the fund manager) at favorable capital gain rates instead of as ordinary income.

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Item	IRC §	Effective Date	New Law	Before Law Change
Income and Losses (Continued)				
Excess Business Losses	461(l)	2018-2025	Excess business losses are not allowed for the tax year, but are instead carried forward and treated as part of the taxpayer's NOL carryforward in subsequent tax years. This limitation applies after the application of the passive loss rules. An excess business loss for the tax year is the excess of aggregate deductions of the taxpayer attributable to the taxpayer's trades and businesses over the sum of aggregate gross income or gain of the taxpayer attributable to such trades or businesses plus a threshold amount. The threshold amount for a tax year is \$500,000 for MFJ and \$250,000 for other individuals, with both amounts indexed for inflation. In the case of a partnership or S corporation, the provision applies at the partner or shareholder level.	A loss limitation applied only to excess farm losses. An excess farm loss for a tax year means the excess of aggregate deductions that are attributable to farming businesses over the sum of aggregate gross income or gain attributable to farming businesses plus the threshold amount. The threshold amount is the greater of (1) \$300,000 (\$150,000 for MFS) or (2) for the five-consecutive-year period preceding the tax year, the excess of the aggregate gross income or gain attributable to the taxpayer's farming businesses over the aggregate deductions attributable to the taxpayer's farming businesses.
Self-Created Property	1221(a)(3)	Dispositions after 2017	Patents, inventions, models or designs (whether or not patented) and secret formulas or processes, which are held either by the taxpayer who created the property or by a taxpayer with a substituted or transferred basis from the taxpayer who created the property (or for whom the property was created), are added to the list of items specifically excluded from the definition of a capital asset.	Certain assets are specifically excluded from the definition of a capital asset, including inventory property, depreciable property and certain self created intangibles (for example, copyrights and musical compositions).
Alimony	215, 61(a)(8), and 71	Alimony Paid with Respect to agreements executed after 2018	Alimony and separate maintenance payments are not deductible by the payor spouse and are not included in the income of the payee spouse. Caution: The new rule can also apply to divorce or separation agreements executed before 2019 but modified after 2018 if the modification so provides.	Alimony and separate maintenance payments are deductible by the payor spouse and includible in income by the recipient spouse.

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Item	IRC §	Effective Date	New Law	Before Law Change
Income and Losses (Continued)				
Moving Expenses	132(g) and 217(k)	2018-2025	Only members of the armed forces on active duty (and their spouses and dependents) who move pursuant to a military order and incident to a permanent change of station can deduct moving expenses and exclude moving expense reimbursements.	An above-the-line deduction is allowed for moving expenses in connection with work by the taxpayer as an employee or as a self-employed individual at a new principal place of work. Employer reimbursements of qualified moving expenses were nontaxable.
Student Loan Discharged on Death or Disability	108(f)(5)	Loan Discharges 2018-2025	The exclusion of cancellation of debt income for certain student loans is expanded to provide that certain student loans that are discharged on account of death or total and permanent disability of the student are excluded from gross income.	The exclusion for discharges of student loans only applied to forgiveness contingent on the student's working for a certain period of time in certain professions for any of a broad class of employers.
Qualified Bicycle Commuting Exclusion Eliminated	132(f)(8)	2018-2025	Qualified bicycle commuting reimbursements are taxable.	An employee was allowed to exclude up to \$20 per month in employer-provided qualified bicycle commuting reimbursements.
Alternative Minimum Tax				
Alternative Minimum Tax (AMT)	55(d)(4)	2018-2025	The 2018 AMT exemption amounts are \$109,400 for MFJ, \$70,300 for single or HOH and \$54,700 for MFS. The exemptions are reduced by 25% of alternative minimum taxable income (AMTI) over \$1,000,000 for MFJ and \$500,000 for single, HOH or MFS. Amounts are indexed for inflation after 2018.	The 2018 AMT exemption amounts were \$86,200 for MFJ, \$55,400 for single or HOH and \$43,100 for MFS. The exemptions were reduced by 25% of AMTI over \$164,100 for MFJ, \$123,100 for single or HOH and \$82,050 for MFS.

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Item	IRC §	Effective Date	New Law	Before Law Change
Tax-Advantaged Savings Accounts				
ABLE Account Contribution Limit	529A(b)	2018-2025	The contribution limitation to ABLE accounts with respect to contributions made by the designated beneficiary is increased. After the overall limitation on contributions is reached (that is, the annual gift tax exemption amount; for 2018, \$15,000), an ABLE account's designated beneficiary can contribute an additional amount, up to the lesser of (1) the federal poverty line for a one-person household or (2) the individual's compensation for the tax year.	The contribution limit equals the annual gift tax exemption amount (\$15,000 for 2018).
ABLE Account Contributions-Saver's Credit Eligible	25B(d) (1)	2018-2025	The designated beneficiary of an ABLE account can claim the saver's credit under IRC Sec. 25B for contributions made to his ABLE account.	No provision.
ABLE Accounts-Rollovers From QTPs	529(c) (3)	Distributions after 12.22.17	Amounts from qualified tuition programs (QTPs) are allowed to be rolled over to an ABLE account without penalty, provided that the ABLE account is owned by the designated beneficiary of that 529 account, or a member of such designated beneficiary's family. Such rollovers are counted towards the overall limitation on amounts that can be contributed to an ABLE account within a tax year, and any amount rolled over in excess of this limitation is includible in the gross income of the distributee.	No provision
QTPs-Qualified Distributions	529(c) (7)	Distributions after 2017	The term qualified higher education expenses is expanded to include tuition at an elementary or secondary public, private or religious school, up to a \$10,000 limit per tax year.	The earnings on funds in a QTP could be withdrawn taxfree only if used for qualified higher education expenses at eligible schools. Eligible schools included colleges, universities, vocational schools or other post-secondary schools eligible to participate in a student aid program of the Department of Education.

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Other Significant Items				
Child Tax Credit-Credit Amount	24(h)(2) and (3)	2018-2025	The child tax credit is \$2,000 per qualifying child under the age of 17 and the AGI levels at which the credit phases out are \$400,000 for MFJ and \$200,000 for all other taxpayers (not indexed for inflation).	The credit was \$1,000 per qualifying child and phased out by \$50 for each \$1,000 of modified AGI over \$75,000 for single or HOH, \$110,000 for MFJ and \$55,000 for MFS.
Child Tax Credit-Nonchild Dependents	24(h)(4)	2018-2025	A \$500 nonrefundable credit is provided for certain qualifying dependents other than qualifying children.	No provision.
Child Tax Credit-Refundability	24(h)(5) and (6)	2018-2025	To the extent the child tax credit exceeds the taxpayer's tax liability, the taxpayer is eligible for a refundable credit of up to \$1,400 (adjusted for inflation after 2018) per qualifying child, and the earned income threshold for the refundable portion of the credit is decreased from \$3,000 to \$2,500.	The refundable additional child tax credit was allowed up to the lesser of the \$1,000 credit or 15% of earned income in excess of \$3,000.
Affordable Care Act (ACA) Individual Mandate	5000A(c)	Months after 2018	The ACA required individuals, who were not covered by a health plan that provided at least minimum essential coverage, to pay a shared responsibility payment (also referred to as a penalty) with their federal tax return. The amount of the individual shared responsibility payment is permanently reduced to zero.	The amount of the penalty is \$695 for 2018, indexed for inflation for later years.
Roth IRA Recharacterizations	408A(d)	2018 and Later	The special rule that allowed IRA contributions to one type of IRA (either traditional or Roth) to be recharacterized as a contribution to the other type of IRA is repealed. Thus, a recharacterization cannot be used to unwind a Roth conversion, but is still permitted with respect to other contributions.	Roth IRA recharacterizations were allowed anytime before the due date of the individual's income tax return for the year of the conversion.

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Key Individual Tax Provisions

Item	IRC §	Effective Date	New Law	Before Law Change
Other Significant Items (Continued)				
Deferral Election for Qualified Equity Grants	83(i)	Stock attributable to options exercised or RSUs settled after 2017	<p>A qualified employee can elect to defer, for income tax purposes, recognition of the amount of income attributable to qualified stock transferred to the employee by the employer. The election is available for qualified stock attributable to a statutory option.</p> <p>The election applies for qualified stock of an eligible corporation. A corporation is treated as such for a tax year if: (1) no stock of the employer corporation (or any predecessor) is readily tradable on an established securities market during any preceding calendar year and (2) the corporation has a written plan under which, in the calendar year, not less than 80% of all employees who provide services to the corporation in the U.S. (or any U.S. possession) are granted stock options, or restricted stock units (RSUs), with the same rights and privileges to receive qualified stock.</p>	<p>If an employee's right to stock is nonvested at the time the stock is transferred to the employee, under IRC Sec. 83(b) the employee may elect within 30 days of transfer to recognize income in the tax year of transfer, referred to as a Section 83(b) election. RSUs were not eligible for a Section 83(b) election.</p>
Estate and Gift Tax				
Exemption Amount	2010(c)(3)	Decedents dying and gifts made in 2018-2025	<p>The base estate and gift tax exemption amount is \$10 million. The \$10 million amount is indexed for inflation occurring after 2011 and is expected to be approximately \$11.2 million in 2018 (\$22.4 million per married couple).</p>	<p>For 2018, the base estate and gift tax exemption amount was \$5.6 million (\$11.2 million for a married couple).</p>

Individual Income Tax Rates

2024 Tax Rate Schedule

Over	But Not Over	Rate
Married Filing Joint or Qualifying Widow(er)		
\$0	\$23,200	10%
\$23,201	\$94,300	12%
\$94,301	\$201,050	22%
\$201,051	\$383,900	24%
\$383,901	\$487,450	32%
\$487,451	\$731,200	35%
\$731,200		37%
Single		
\$0	\$11,600	10%
\$11,601	\$47,150	12%
\$47,151	\$100,525	22%
\$100,526	\$191,950	24%
\$191,951	\$243,725	32%
\$243,726	\$609,350	35%
\$609,350		37%
Head of Household		
\$0	\$16,550	10%
\$16,551	\$63,100	12%
\$63,101	\$100,500	22%
\$100,501	\$191,950	24%
\$191,951	\$243,700	32%
\$243,701	\$609,350	35%
\$609,350		37%
Married Filing Separate		
\$0	\$11,600	10%
\$11,601	\$47,150	12%
\$47,151	\$100,525	22%
\$100,526	\$191,950	24%
\$191,951	\$243,725	32%
\$243,726	\$365,600	35%
\$365,600		37%

2025 Tax Rate Schedule

Over	But Not Over	Rate
Married Filing Joint or Qualifying Widow(er)		
\$0	\$23,850	10%
\$23,851	\$96,950	12%
\$96,951	\$206,700	22%
\$206,701	\$394,600	24%
\$394,601	\$501,050	32%
\$501,051	\$751,600	35%
\$751,600		37%
Single		
\$0	\$11,925	10%
\$11,926	\$48,475	12%
\$48,476	\$103,350	22%
\$103,351	\$197,300	24%
\$197,301	\$250,525	32%
\$250,526	\$626,350	35%
\$626,350		37%
Head of Household		
\$0	\$17,000	10%
\$17,001	\$64,850	12%
\$64,851	\$103,350	22%
\$103,351	\$197,300	24%
\$197,301	\$250,500	32%
\$250,501	\$626,350	35%
\$626,350		37%
Married Filing Separate		
\$0	\$11,925	10%
\$11,926	\$48,475	12%
\$48,476	\$103,350	22%
\$103,351	\$197,300	24%
\$197,301	\$250,525	32%
\$250,526	\$375,800	35%
\$375,800		37%

Estates and Trusts		
\$0	\$3,100	10%
\$3,101	\$11,150	24%
\$11,151	\$15,200	35%
\$15,200		37%

Estates and Trusts		
\$0	\$3,150	10%
\$3,151	\$11,450	24%
\$11,451	\$15,650	35%
\$15,650		37%

Notes

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