



Tax Cuts & Jobs Act

Tax Rates

- Generally lower rates for individual tax filers.

Single

Current Law		Tax Cuts and Jobs Act	
10%	\$0-\$9,525	10%	\$0 - \$9,525
15%	\$9,525 - \$38,700	12%	\$9,525 - \$38,700
25%	\$38,700 - \$93,700	22%	\$38,700 - \$82,500
28%	\$93,700 - \$195,450	24%	\$82,500 - \$157,500
33%	\$195,450 - \$424,950	32%	\$157,500 - \$200,000
35%	\$424,950 - \$426,700	35%	\$200,000 - \$500,000
39.6%	\$426,700+	37%	\$500,000

Married Filing Joint

Current Law		Tax Cuts and Jobs Act	
10%	\$0 - \$19,050	10%	\$0 - \$19,050
15%	\$19,050 - \$77,400	12%	\$19,050 - \$77,400
25%	\$77,400 - \$156,150	22%	\$77,400 - \$165,000
28%	\$156,150 - \$237,950	24%	\$165,000 - \$315,000
33%	\$237,950 - \$424,950	32%	\$315,000 - \$400,000
35%	\$424,950 - \$480,050	35%	\$400,000 - \$600,000
39.6%	\$480,050+	37%	\$600,000+

Sale of Principal Residence

- Exclusion of sale of principal residence remains.
- Primary residence – 2 of the past 5 years.

Mortgage Interest Deduction

- Limit on deductible mortgage debt = \$750,000 for new loans taken out after 12/14/2017.
- Current loans of up to \$1 million are grandfathered and are not subject to the \$750,000 cap.
- Limits are not indexed for inflation.
- Deduction for interest paid on home equity debt repealed through 12/31/25. Deduction allowed on home equity loans/2nd mortgages if proceeds are used to substantially improve the residence.
- Deduction allowed for interest on 2nd homes but subject to debt limits.

Property Tax Deduction

- Itemized deduction
- State and local property taxes OR income and sales taxes
 - \$10,000 limit for both single and married

Standard Deduction

2017 Tax Law		2018 Tax Law	
Single	\$ 6,350	Single	\$12,000
Married	\$12,700	Married	\$24,000

Personal Exemption

- \$4,150 personal exemption in 2017 tax law is eliminated.

Child Credit

- Age 16 and younger

	2017	2018
	\$1,000	\$2,000
Phase-out	\$55,000 Single \$110,000 Married	\$500,000 All Filers

Like-Kind Exchanges

- 2018 – Real Estate Only
- Repealed for personal property (autos, equipment)

Rental Real Estate SE Tax

- Subjecting rental income to self-employment tax - DID NOT PASS

Deduction for Qualified Business Income

- Above the line deduction of 20% for business income
- Includes Realtors – only personal service included – NAR Lobbying!!!
- Taxable income of less than \$157,500 Single/\$315,000 MFJ
- If over these amounts, 2nd exception
 - 50% of W-2 wages paid by the business, or
 - Total of 25% of the W-2 wages paid by the business plus 2.5% of the cost basis of the tangible depreciable property of the business at the end of the year.
- Business loss one year will affect the next year's deduction.

Luxury Auto Depreciation

- 2018 – increased amount of first-year depreciation that may be claimed on passenger autos used in business to \$10,000
 - 2nd Year - \$16,000
 - 3rd Year - \$9,600
 - 4th and later years - \$5,760

Entertainment

- No deduction:
 - Entertainment, amusement, recreation
 - Memberships to clubs
- Meals – 50% for employees' for work purposes

Unimproved Investment

- Non-income producing land
 - Section 266 election
 - Allows real estate taxes, interest and other charges to be added to the cost of the land.
 - Can elect to deduct one cost and capitalize another.



Thank You!