

A summary of the summary for the new tax bill "Tax Cuts and Jobs Act"

Tax Provision	New Law	Old Law	Note
Individual Tax Rates	10%, 12%, 22%, 24%, 32%, 35%, & 37%	10%, 15%, 25%, 28%, 33%, 35%, & 39.6%	Sunsets in 2025
"C" Corp Rates	Flat 21% NO Personal Services Corp Rate	15%, 25%, 34%, 38%, 39% Personal Services Corp: Flat 35%	
LT Cap Gains & Qualified Dividends	0%, 15%, 20%	0%, 15%, 20%	Basically same--just different cut off points based on income vs tax bracket
Kiddie Tax	Based on tax rates of trusts & estates	Was the parent's rate after first \$2,100	This is basically a tax increase. Sunsets in 2025
Standard Deduction	S & MFS=\$12,000, MFJ & QW=\$24,000, HOH=\$9,300	S & MFS=\$6,350, MFJ & QW=\$12,700 & HOH=9,350	Basically doubles: sunsets in 2025
Extra Standard Deduction for age & blindness	S & HOH \$1,600 each. All others \$1,300 each	S & H \$1,550 each. All others \$1,250	Basically \$50 increase. Sunsets in 2025
Personal Exemption	Eliminated	Was \$4,050	Sunsets in 2025
Itemized Deduction Phaseout	Eliminated	Various incomes starting at \$156,900	Sunsets in 2025
Medical Expenses	Subtract 7.5% of AGI before calculation	Was 10% of AGI	Effective 2017 & 2018! Then sunsets
Home Mortgage Interest Deduction	\$750,000 for primary. Eliminated for home equity line.	Was \$1 million & \$100,000 on home equity line	Special rules if purchase & finance was entered into on 12/15/17. Sunsets in 2025
Taxes Paid	Capped at \$10,000 (\$5,000 MFS)	No cap	Sunsets in 2025
Miscellaneous Itemized Deductions Subject to 2% AGI Limit	Eliminated	Covered various items: Most notably job expenses	Sunsets in 2025
Penalty for not having health insurance	Eliminated	Various calculations	NOT effective until 2019
Business Pass through Income Deduction	20% deduction of income before tax calculation	Didn't exist	Applies to sole proprietorship, partnership, & S Corp. Starts phasing out at \$157,000. Also doesn't apply to certain personal services as accounting, law, and many others. Does not change the self-employment tax calc. Sunsets in 2025
Bonus Depreciation	100%	50%	0% in 2028. Applies to used property now
Section 179 Deduction	\$1 Million	\$500,000	Still limitations based on how much property placed in service

	\$10,000 in yr. 1, \$16,000 yr 2, & \$9,600 3rd yr, & \$5,760 there after	\$3,160 1st yr, \$5,100 2nd, \$3,050, 3rd yr, \$1,875 thereafter.	
Luxury Auto Depreciation			
Listed Property	Doesn't apply to computers or peripherals now	Didn't exist--had to list out & monitor	
Child Tax Credit	\$2,000 per child. Also phases out at \$400,000 for MFJ & all others at \$200,000.	\$1,000 and started phasing out at \$75,000 and \$110,000 (\$55,000 MFJ)	Sunsets in 2025
New Family Credit	\$500	Didn't exist	Can apply to children over 16 since they don't qualify for the CTC! Otherwise applies to each person that is a qualifying dependent . Sunsets in 2025
Section 529 Plans	Now applies to primary & secondary education. Only \$10,000 in per student distributions	Was only post-secondary. No distribution limits	This is basically a tax increase unless you using for primary or secondary education
Alimony Adjustment	Not deductible (not taxable to the recipient)	Didn't exist	
Moving Expenses Adjustment	Eliminated	Under certain circumstances you could deduct	Still applies to military. Sunsets in 2025
Domestic Production Activities Adjustment	Eliminated	Certain "domestic production activities" was an above the line deduction	
Entertainment Expenses for Businesses	Eliminated. Also less of a deduction for business meals even for "the convenience of the employer" consumed on the premises	Didn't exist	
Estate & Gift Tax Exemption	\$10 Million	Was \$5.49 Million	
AMT for individuals	Exemption amounts increase at various stages	Extra tax that applied at various incomes where you had to add or subtract "preference items".	Sunsets in 2025
Farm Property Depreciation Methods	Shorter recovery periods from 7 to 5 years for certain equipment. Repeals the requirement for 150% declining balance method for certain property. Still applies to 15 & 20 year property	Was 7 years for most items. Had to use 150% declining balance method	