



FEDERAL TAX REFORM

TAX CHANGES FOR 2018 INDIVIDUAL INCOME TAXES

WILL YOU BE AFFECTED?

2018 TAX BRACKETS AND RATES

RATE	UNMARRIED INDIVIDUALS, TAXABLE INCOME BETWEEN	MARRIED INDIVIDUALS FILING JOINT RETURN, INCOME BETWEEN	HEAD OF HOUSEHOLD TAXABLE INCOME BETWEEN
10%	\$0 - \$9,524	\$0 - \$19,049	\$0 - \$13,599
12%	\$9,525 - \$38,699	\$19,050 - \$77,399	\$13,600 - \$51,799
22%	\$38,700 - \$82,499	\$77,400 - \$164,999	\$51,800 - \$82,499

Example: If your taxable income is \$10,000, multiply \$9,524 X 10% (\$952.50). Subtract \$9,524 from \$10,000 = \$476. Multiply \$476 X 12% (\$57) and add amounts together, \$952.50 + \$57 = \$1,010. This is the tax you owe.

Standard Deduction and Personal Exemption

The standard deduction for single filers increased by \$5,500. Married couples filing jointly increased by \$11,000.

The personal exemption for 2018 is eliminated. In 2017, the amount would have been \$4,150 per person claimed on return.

The new 2018 Standard Deductions:

FILING STATUS	DEDUCTION AMOUNT
Single and Married Filing Separately	\$12,000
Married Filing Jointly	\$24,000
Head of Household	\$18,000
Over 65 and Blind	
Single and Married Filing Separately	Add \$1,300
Married Filing Jointly	Add \$2,600
Head of Household	Add \$1,600

Itemized Deductions (Schedule A) Changes

- No deduction for interest on home equity loan, you can still deduct mortgage interest
- No deduction for casualty and theft loss

- Deduction for state, local, real estate and personal property taxes limited to \$10,000 for married filing joint taxpayers and \$5,000 for married filing separately taxpayers.
- No deduction for miscellaneous expenses (unreimbursed employee expenses, tax preparation fees, and other miscellaneous expenses)
- Medical and Dental Expenses – reduction of percentage from 10% to 7.5% of adjusted gross income (AGI), more people may be able to take this deduction
- Charitable Contributions – change from 50% to 60% of AGI deduction amount

Other Tax Changes

Child Tax Credit – May be worth as much as \$2,000 per qualifying child under the age of 17 on December 31, 2018. Depends on income. Requires that child have a social security number that is valid for employment. Maximum amount refundable \$1,400. Modifies the child tax credit to provide for a \$500 nonrefundable credit for qualifying dependents and children over 17 who you support.

Tuition and Fees Deduction currently not available for 2018

Moving Expenses deduction eliminated

No Change to Rules for Following Items

Alimony Received or Paid (no change for 2018, change in 2019)

Child and Dependent Care

Earned Income Tax Credit

Education Credits (Lifetime Learning and American Opportunity

Educator Expenses

Health Care: Individual Responsibility Payment – still in effect for 2018

Health Savings (HSA) Deduction

IRA Deduction (purchase of new IRA)

IRA Distributions

Premium Tax Credit – still in effect for 2018

Retirement Savings Contributions

Student loan interest deduction

Unemployment Compensation