

DIVORCE FINANCIAL SOLUTIONS, LLC

Divorce Financial Counselors and Divorce Financial Analysts

Summary of the Major Provisions under the 2017 Tax Reform Act Individuals

Major Provisions	Old Law (2017 and prior)	New Law (Effective 2018)
Individual Tax Rates	7 tax brackets with rates ranging from 10% - 39.6%	7 tax brackets with expanded ranges and a slight decrease in most ranges from 10% - 37%
Standard Deduction	\$6,350 - Single / \$12,700 - Married \$9,550 - Head of Household	\$12,000 - Single / \$24,000 - Married \$18,000 - Head of Household
Personal Exemption	\$4,050 per person	Deduction Completely Eliminated
Child Tax Credit	\$1,000 per child, subject to phase-out beginning at \$75,000- Single/\$110,000-Married	Doubled to \$2,000 per child, with phase-outs increased to \$200,00- Single/\$400,000 Married
Alimony	Payments deductible to payor, income to recipient	Effective with divorce agreements executed after 12/31/2018, no deduction will be allowed for alimony payments made. Existing divorce agreements are grandfathered.
Moving Expenses	Qualified moving expenses deductible	Non-deductible (except for certain Military)
Medical Expenses	Possible itemized deduction, subject to 10% floor of adjusted gross income	Possible itemized deduction, subject to 7.5% floor of adjusted gross income
State & Local Income/Sales Tax Deduction	Deductible on Sch A for those whose itemize	State & local income/sales tax plus real estate taxes limited to a combined total of \$10,000
Real Estate Tax Deduction	Deductible on Sch A for those whose itemize	See above
Mortgage Interest Deductible	Deductible up to \$1 million in mortgage debt * \$100,000 home equity debt	New mortgages after 12/15/17, capped at \$750,000. No deduction for home equity debt
Miscellaneous 2% Itemized Deductions	Deductible to the extent total exceeds 2% of Adjusted Gross Income, (e.g. investment fees, unreimbursed employee business expenses, tax prep fees, safe deposit box, union dues, work clothes, job hunting expenses).	Misc 2% itemized deductions are eliminated completely. <u>Particularly important for employees with unreimbursed mileage</u>
Alternative Minimum Tax (ATM)	Flat rate of 26% or 28% depending on income. Exceptions of \$54,300- Single/\$84,500 Married	Retained - exemption amounts increased to \$70,300-Single/\$109,400-Married
529 Plan Funds (Qualified Tuition Programs)	College Savings Plan	In addition to college tuition, up to \$10,000 can be used per student for public, private or religious school for grades K - 12
Individual Health Insurance Mandate	Penalty (additional tax) imposed on individuals who failed to maintain minimum essential health insurance coverage	Effective, beginning 1/1/2019, eliminates the penalty for failure to maintain minimum essential health insurance coverage
Estate Tax	Exemption for up to \$5.49 million of assets per individual from tax at the time of death	Exemption for up to \$11.2 million of assets per individual from tax at the time of death