



# ROESNER | KENNEY

## TAX & ACCOUNTING

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## 2017 Tax Cuts and Jobs Act Highlights – Individuals

The tax cuts and jobs act is the biggest federal tax law change in over 30 years. Below are some significant changes affecting individuals. Note: Except where noted, the changes are effective for tax years 2018-2025. Additionally these are subject to change as the IRS continues to implement these changes.

### Tax Rates

There are seven tax rates 10%, 12%, 22%, 24%, 32%, 35% and 37%.

Single	MFJ or QW
\$0 to \$9,525.....10%	\$0 to \$19,050.....10%
\$9,526 to \$38,700.....12%	\$19,051 to \$77,400.....12%
\$38,701 to \$82,500.....22%	\$77,401 to \$165,000...22%
\$82,501 to \$157,500....24%	\$165,001 to \$315,000..24%
\$157,501 to \$200,000..32%	\$315,001 to \$400,000..32%
\$200,001 to \$500,000..35%	\$400,001 to \$600,000..35%
\$500,001 and over.....37%	\$600,001 and over.....37%
HOH	MFS
\$0 to \$13,600.....10%	\$0 to \$9,525.....10%
\$13,601 to \$51,800.....12%	\$9,526 to \$38,700.....12%
\$51,801 to \$82,500.....22%	\$38,701 to \$82,500.....22%
\$82,501 to \$157,500....24%	\$82,501 to \$157,500....24%
\$157,501 to \$200,000..32%	\$157,501 to \$200,000..32%
\$200,001 to \$500,000..35%	\$200,001 to \$300,000..35%
\$500,001 and over.....37%	\$300,001 and over.....37%

### Personal & Dependency Exemptions

There are no longer personal exemptions for yourself or anyone else you claim on your tax return.

### Standard Deduction

The standard deduction increases to \$24,000 for Married Filing Joint, \$18,000 for Head of Household and \$12,000 for Single or Married Filing Separately.

**Dependent.** The standard deduction for an individual who may be claimed as a dependent by another taxpayer cannot exceed the greater of \$1,050 or earned income plus \$350.

### Itemized Deductions

Several changes were made to itemized deductions. However, many people will not reach the threshold to itemize.

**Employee Business Expenses**– expenses required for work that your employer does not provide reimbursement for are no longer allowed (i.e. tools, union dues, uniforms, etc.)

**State and Local Taxes** – the combined deduction of state and local income tax, sales tax and property taxes are capped at \$10,000 per year

**Medical Expenses** – through 2018 expenses exceeding 7.5% of income are deductible, the percentage increases to 10% in 2019.

**Charitable Contributions** – the current limitation of 50% of income is increased to 60%

**Mortgage Interest** – interest may be deducted on up to \$750,000 of debt on a first or second home, interest on home equity loans may not be allowed.

**Casualty losses** - no longer deductible unless covered by specific federal disaster declarations

**Wagering Losses / gambling** – now includes other expenses incurred such as travel to or from a casino

### Miscellaneous Deductions

**Teacher Expenses** – the \$250 deduction for out of pocket expenses is still available

**Alimony** – starting with divorces in 2019 these payments are not deductible or taxable

### Child Tax Credit

The credit has been increased to \$2000 per qualifying child, subject to phaseouts. Phaseouts have been increased and will begin with adjusted gross income of more than \$400,000 for married filing joint taxpayers and more than \$200,000 for all other taxpayers.

**Additional Child tax Credit.** The portion of the child tax credit that exceeds regular tax liability may be refundable up to \$1,400 per qualifying child. The earned income threshold for figuring the refundable portion of the credit has decreased to \$2,500.

### Family Tax Credit

A new non-refundable Family Tax Credit up to \$500 is allowed for dependents who do not qualify for the Child Tax Credit and who is a qualifying relative that is a U.S. citizen, national or resident of the United States. Thus, a dependent over age 16 that no longer qualifies for the Child Tax Credit may qualify for the Family Tax Credit, assuming the other dependency rules are met.

### Affordable Care Act

The failure to carry minimum essential insurance coverage penalty is repealed beginning in 2019

### Section 529 Education Plans

Distributions of up to \$10,000 per beneficiary can be used for public, private, or religious elementary or secondary school.

### Contact Us

There are many events that occur during the tax year that can affect your tax situation. Preparation of your tax return involves summarizing transactions and events that occurred during the prior year. In most situations, treatment is firmly established at the time the transaction occurs. However, negative tax effects can be avoided by proper planning. Please contact us in advance if you have questions about the tax effects of a transaction or event.

**Note:** In order to provide accurate tax planning or advice a tax forecast is required and will incur an additional fee above and beyond the fee for tax preparation services.