

Dear NYS Principals and Administrators,

Thanks for your response to Agudath Israel’s and the broader nonpublic school community’s campaign to contact Congress regarding the Tax Cuts and Jobs Act.  We are pleased to report that the legislation that was signed into law by President Trump favorably resolves the first two issues below that our Action Alert addressed. In addition, listed below are a number of other issues which were also advocated by Rabbi Abba Cohen, Agudath Israel’s Vice President for Federal Affairs and Washington Director and which were included in the final bill.

1. **Qualified Tuition Reduction - Section 117(d):**  The QTR provision was retained, allowing for the tax-free status of tuition reductions or payments made by educational institutions as part of their employee benefit package.
2. **Expansion of 529 Plans for Tuition at K-12 schools:**  This expansion will allow for tax benefits for K-12 education, including nonpublic school tuition.
3. **Teacher Tax Deduction:**  The $250 above-the-line deduction for expenses for classroom materials or professional development for teachers has been retained.
4. **Retention of the “Johnson Amendment:”** The “Johnson Amendment” was retained, continuing to insulate religious entities, including yeshivos and rabbonim from the inevitable pressure they would face by being injected into political campaigns.
5. **Retention of Charitable Contributions:**  The charitable deduction has been retained, although the above the line charitable deduction which we pushed for did not pass.
6. **Child Tax Credit/Family Credit:** The per child tax credit will be increased to $2000 per qualifying child and will be refundable up to $1400. Phase-outs will begin with adjusted gross income of more than $400,000 for married taxpayers filing jointly and more than $200,000 for all other taxpayers.
7. **Retention of Medical Expense Deduction:** Taxpayers will still be permitted to deduct medical expenses not covered by insurance. For 2018, the expenses must exceed exceed 7.5% of adjusted gross income. After 2018, the deduction reverts back to 10% of the adjusted gross income.

Regrettably, two other important issues we pushed for – the retention of the personal exemption as well as the deduction for state and local taxes – were not included in the final bill enacted into law.