



# **Highlights of the New Tax Law**

## **Corporate**

- The corporate tax rate ceiling has been reduced to 21% from 35%.
- Bonus Depreciation increased to 100%
- Section 179 limit increased to \$1 million with limit of \$2.5 million of asset class
- Auto depreciation increased to \$10,000 first year; \$16,000 second year and \$9,600 til fully depreciated.

## **Pass through Entities**

- 20% of income deduction subject to certain rules. (Accountants, doctors, lawyers and others service providers excluded from benefit)
- Pass-throughs include S-Corps, partnerships and sole proprietorships
- Auto depreciation increased to \$10,000 first year; \$16,000 second year and \$9,600 til fully depreciated

## **Individuals**

- Standard deduction almost doubled
- Exemptions eliminated
- Most miscellaneous itemized deductions eliminated
- State and local taxes capped at \$10,000
- Lower tax rates
- Doubled child tax credits
- Alimony deduction eliminated (nontaxable to recipient)
- Alternative minimum tax substantially modified

## Summary of New Tax Law Standard Deduction

## Married Filing Joint

**2016**

**2018**

Total Income		\$	100,000	\$	100,000
Adjusted Gross Income		\$	100,000	\$	100,000
Standard Deduction		\$	(12,600)	\$	(24,000)
Exemptions		\$	(8,100)	\$	
Taxable Income		\$	79,300	\$	76,000
Federal Income Tax		\$	11,368		
			10.00%	\$	1,950
	\$ 19,500		12.00%	\$	6,780
2018 Tax Calculated		\$	11,368	\$	8,730

## Itemized Deductions

**2016**

**2018**

Total Income		\$	150,000	\$	150,000
Adjusted Gross Income		\$	150,000	\$	150,000
Itemized Deductions					
Medical		\$			
Taxes		\$	(17,500)	\$	(10,000)
Interest		\$	(9,000)	\$	(9,000)
Charity		\$	(6,750)	\$	(6,750)
Miscellaneous		\$			
Total Itemized		\$	(33,250)	\$	(25,750)
Exemptions		\$	(8,100)	\$	
Taxable Income		\$	75,400	\$	98,500
Federal Income Tax		\$	11,368		
			10.00%	\$	1,950
	\$ 19,500		12.00%	\$	6,948
	\$ 77,400		22.00%	\$	4,642
	\$ 165,000		24.00%		
	\$ 315,000		32.00%		
	\$ 400,000		35.00%		
	\$ 600,000		37.00%		
2018 Tax Calculated		\$	11,368	\$	13,540