

	2017	2018
Individual income tax brackets¹	<ul style="list-style-type: none"> Seven income tax brackets Top bracket: 39.6% at \$418,400 individual / \$470,700 married 	<ul style="list-style-type: none"> Seven income tax brackets Top bracket: 37% at \$500,000 individual / \$600,000 married
Alternative Minimum Tax	<ul style="list-style-type: none"> Exemption: \$54,300 / \$160,900 Phase-out threshold: \$120,700 / \$160,900 	<ul style="list-style-type: none"> Exemption: \$70,300 / \$109,400 Phase-out threshold: \$500,000 / \$1mm
Standard Deduction	<ul style="list-style-type: none"> \$6,350 / \$12,700 	<ul style="list-style-type: none"> \$12,000 / \$24,000
State and local tax deduction	<ul style="list-style-type: none"> Deductible² 	<ul style="list-style-type: none"> Capped at \$10,000 on state / local income, property and sales tax
Mortgage interest deduction	<ul style="list-style-type: none"> Interest deductible up to \$1mm for primary and secondary homes; \$100k home equity debt 	<ul style="list-style-type: none"> Limited to \$750,000 debt on primary and secondary homes; no deduction for home equity debt
Estate, gift and Generation Skipping Transfer (GST) tax	<ul style="list-style-type: none"> \$5.49mm / \$10.98mm 	<ul style="list-style-type: none"> \$11.2mm / \$22.4mm³
Tax rate for owners of pass-through entities	<ul style="list-style-type: none"> Business income taxed at individual rate (max 39.6%) 	<ul style="list-style-type: none"> May deduct 20% of qualified business income⁴; 29.6% effective rate

HOW DOES THE NEW TAX LAW IMPACT YOUR BOTTOM LINE?

Comprehensive tax reform through the Tax Cuts and Jobs Act of 2017 (TCJA) may affect almost every taxpayer beginning in 2018.

¹ 2018 top income tax bracket 40.8% inclusive of 3.8% Medicare Surtax on unearned/investment income; for 2017, top rate was 43.4%.
² Deduction was limited or phased-out for AMT filers. ³ Subject to IRS guidance. ⁴ The 20% deduction phases out for individuals earning \$157,500/\$315,000 (married) and disappears entirely for individuals with income exceeding \$207,500/\$415,000 (married) engaged in a "specific service business." These are businesses that focus on health, law, consulting, athletics, financial services, brokerage service or where the main asset is the skill or reputation of employees/owners. For business owners in other businesses and with income above the thresholds, the deduction may not exceed 50% of owner's share of W-2 employee wages paid by the business or 25% of W-2 wages paid by the business plus 2.5% of original purchase price of long-term property used in production of income. Further IRS guidance to follow.