2018 Tax Law Changes: We've Got You Covered

The Tax Cuts & Jobs Act (H.R.1), signed into law in December 2017, will impact virtually every tax filer in Tax Year 2018.

Equifax has teamed up with TurboTax to provide you with information and tools to help you better understand how the new tax laws may affect you.

TurboTax is up to date with the latest tax laws, so you can file your 2018 taxes with complete confidence and get your biggest possible refund.

Save up to $15 on TurboTax! Details inside.

Tax Reform at a Glance

Standard deduction

- Increased to $12,000 for single or married filing separately, $24,000 married filing jointly
- Increased to $18,000 for Head of Household
- 65+, blind or disabled get additional standard deduction

Families

- Dependent exemption of $4,050 is eliminated
- Child Tax Credit doubles to $2000
- Adds $500 credit for other types of dependents

Home mortgages

- Mortgage interest paid on new loans deductible up to $750,000 (or existing loans up to $1,000,000)
- Interest paid on home equity loan or home equity line is limited to building and improving your home

Tax rates & brackets

- Most taxpayers will see lower rates
- Highest rate drops from 39.6% to 37%

State & local taxes

- State and local property, income, and sales taxes limited to $10,000
- No income tax prepayment for 2019 allowed

1040 form

- New 1040 form with 6 new schedules
- Eliminates 1040EZ and 1040A versions

Alternative minimum tax

- Raises income cap so less people are impacted
- Single taxpayers raised exempted income from $54,300 to $70,300
- Married filing jointly raised exempted income from $84,500 to $109,400

Self-Employed

- New 20% Qualified Business Income Deduction
- Qualified business equipment can be deducted up to $1,000,000
- Potentially a greater business auto depreciation deduction

Healthcare

- Eliminates the tax penalty for not having health insurance (starting in 2019)
- Lowers floor on out-of-pocket medical expenses to 7.5% for 2017 & 2018

Tax Form Management has teamed up with TurboTax!
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Tax Reform: Before and After

This snapshot shows the “before” and “after” for some common tax situations.

The Family of Four

Married filing jointly | Two children
California residents | Joint annual salary: **$165k**
Mortgage interest | Property tax

$1,566 TAX SAVINGS

	Before Tax Reform	After Tax Reform
Tax Bracket	25%	22%
State/Property Taxes	$17,300	$17,300
Property Taxes	$350	$0
Non-deductible SALT	$0	$7,300
Mortgage Interest	$24,000	$24,000
Exemptions	$16,200	$0
Child Tax Credit	$0	$4,000
Total Income Tax	$18,265	$16,699

The Married Homeowners

Married filing jointly | No children
California residents | Joint annual salary: **$68k**
Mortgage interest | Property tax

$469 TAX INCREASE

	Before Tax Reform	After Tax Reform
Tax Bracket	15%	12%
State & Local Income Tax	$7,600	$0
Mortgage Interest	$15,950	$0
Standard Deduction	$0	$24,000
Exemptions	$8,100	$0
Total Income Tax	$4,070	$4,539

The Millennial

Single | No children | Texas resident
Annual salary: **$50k** | Investment income
Student loan interest

$1,467 TAX SAVINGS

	Before Tax Reform	After Tax Reform
Tax Bracket	25%	22%
Standard Deduction	$6,350	$12,000
Exemptions	$4,050	$0
Income Tax	$6,951	$5,455

The Single Self-Employed

Single | No children | New York resident
Annual self-employed income: **$120k**

$8,741 TAX SAVINGS

	Before Tax Reform	After Tax Reform
Tax Bracket	28%	22%
Business Income Deduction	$0	$24,000
Standard Deduction	$6,350	$12,000
Exemptions	$4,050	$0
Total Income Tax	$38,251	$29,510

Tax Relief for Individuals and Families

Lower tax rates and changed income ranges

The new tax bill retains the seven tax brackets found in current law, but lowers a number of the tax rates. It also changes the income thresholds at which the rates apply. The income thresholds at which these brackets kick in have changed, as well – see the charts below for detail.

MARRIED JOINT FILERS			
Previous Tax Brackets	**Previous Thresholds**	**New Tax Brackets**	**New Thresholds**
10%	$0 - $18,650	10%	$0 - $19,050
15%	$18,651 - $75,900	12%	$19,051 - $77,400
25%	$75,901 - $153,100	22%	$77,401 - $165,000
28%	$153,101 - $233,350	24%	$165,001 - $315,000
33%	$233,351 - $416,700	32%	$315,001 - $400,000
35%	$416,701 - $470,700	35%	$400,001 - $600,000
39.6%	More than $470,700	37%	More than $600,000

SINGLE FILERS			
Previous Tax Brackets	**Previous Thresholds**	**New Tax Brackets**	**New Thresholds**
10%	$0 - $9,325	10%	$0 - $9,525
15%	$9,326 - $37,950	12%	$9,526 - $38,700
25%	$37,951 - $91,900	22%	$38,701 - $82,500
28%	$91,901 - $191,650	24%	$82,501 - $157,500
33%	$191,651- $416,700	32%	$157,501 - $200,000
35%	$416,701 - $418,400	35%	$200,001 - $500,000
39.6%	More than $418,400	37%	More than $500,000

More Tax Relief for Individuals and Families

Increased standard deduction

The new tax law nearly doubles the standard deduction amount. Single taxpayers will see their standard deductions jump from $6,350 for 2017 taxes to $12,000 for 2018 taxes (the ones you file in 2019). Married couples filing jointly see an increase from $12,700 to $24,000. These increases mean that fewer people will have to itemize. Today, roughly 30% of taxpayers itemize. Under the new law, this percentage is expected to decrease.

Alternative Minimum Tax exemptions increase

The bill eases the burden of the individual alternative minimum tax (AMT) by raising the income exempted from $84,500 (adjusted for inflation) to $109,400 married filing jointly and from $54,300 (adjusted for inflation) to $70,300 for single taxpayers, so fewer taxpayers will pay it.

Increased Child Tax Credit

For families with children, the Child Tax Credit is doubled from $1,000 per child to $2,000. In addition, the amount that is refundable grows from $1,100 to $1,400. The bill also adds a new, non-refundable credit of $500 for dependents other than children. Finally, it raises the income threshold at which these benefits phase out from $110,000 for a married couple to $400,000.

Personal and dependent exemptions eliminated

The bill eliminates the personal and dependent exemptions which were $4,050 for 2017 and were expected to increase to $4,150 in 2018.

Reduced deduction for state & local taxes/home mortgages

The bill limits the amount of state and local property, income, and sales taxes that can be deducted to $10,000. In the past, these taxes have generally been fully tax deductible. The bill also caps the amount of mortgage indebtedness on new home purchases on which interest can be deducted at $750,000 (down from $1,000,000).

Elimination of tax penalty for not having health insurance

The bill eliminates the tax penalty for not having health insurance after December 31, 2018. It also temporarily lowers the floor above which out-of-pocket medical expenses can be deducted from the current law floor of 10% to 7.5% for 2017 and 2018. So for 2018, you can deduct medical expenses that are more than 7.5% of your adjusted gross income as opposed to the higher 10%.

Changes for self-employed and small businesses

New deduction for small businesses

The tax rate for small business pass-through entities (such as S-corporations, limited liability companies, partnerships and sole proprietorships) used to be the same as your individual tax rate. With the change in tax law, that income is now subject to a 20% deduction instead.

If your taxable income is less than $157,500 for individuals, or $315,000 for married taxpayers filing jointly, then your deduction is generally 20% of the net income of your business. So if your business' taxable income was $100,000, then after the 20% deduction, you only have to pay taxes on $80,000.

If your taxable income is higher than these threshold amounts, then you still get a deduction but limitations and exceptions apply based on your occupation and wages.

Increase in business expense tax deduction

Self-Employed businesses will be able to benefit from an increase of the amount they can expense from the Section 179 amount of $510,000 to $1,000,000 – for business equipment like computers, printers and office furniture. Caveat: The maximum allowance is still limited to the amount of income from business activity.

Auto depreciation increased

The biggest change in deducting automobiles is an increased deduction for car depreciation for cars used for business. This change will most likely result in more business owners buying cars versus leasing. For autos placed in service after Dec 31, 2017, and for which no IRC 168(k) bonus depreciation is taken, the maximum allowable depreciation is $10,000 for the year placed in service, $16,000 for second, $9,600 for 3rd, and $5,760 for the years after.

Reduction in corporate tax rate

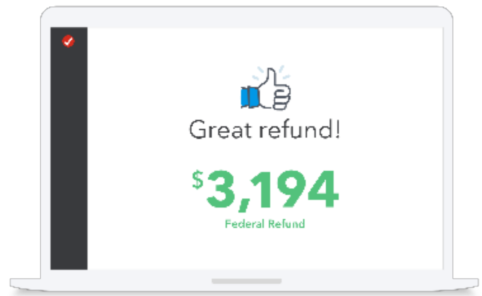
The biggest change for businesses is a reduction in the top corporate rate (C Corporations), from 35% to 21%.

The Bottom Line: We've Got You Covered

Of course, you don't need to memorize any of the tax law changes we've covered here. TurboTax is ready to guide you through your unique tax situation and help you get your maximum refund. **Plus, mytaxform.com users can save up to $15 on TurboTax federal products.**

Up to date with the latest tax laws

All TurboTax products are up to date with the latest tax laws, so you can be confident that your taxes will be done right and you'll get your biggest possible refund, guaranteed.
Learn more about TurboTax



Real CPAs review your return

With TurboTax Live, you can talk with a CPA or EA onscreen for unlimited advice and a final review of your return.
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Estimate Your 2018 Refund

With the free TurboTax TaxCaster calculator, you can use 2017 tax information to quickly estimate what 2018 will look like – so there won't be any surprises when tax time rolls around.
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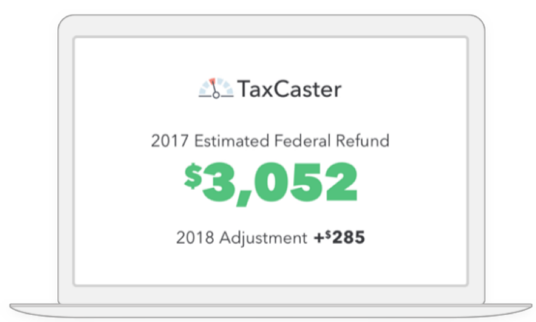

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