

# Tax Reform & Individuals

## Effective Planning Strategies

How might you be affected by tax reform? In order for you to plan and budget for 2018, we have listed several of the provisions in the bill that may affect you, the individual, below:

### For Individuals

- Standard deduction goes to \$12,000 single and \$24,000 married filing jointly.
- Personal exemptions are eliminated.
- Child tax credit is increased to \$2,000, but only \$1,400 is refundable. The non-refundable credit for children over 16 is only \$500. Phase-out starts at AGI over \$400,000 (married filing jointly) and \$200,000 for all others.
- Combined real estate and state income taxes are capped at \$10,000.
- Mortgage deduction for new mortgages obtained after 12/14/17 is limited to interest on up to \$750,000 of acquisition debt.
- Deduction of home equity loan interest is eliminated.
- The phase out of itemized deductions is eliminated.
- All miscellaneous itemized deductions are eliminated.
- The top individual bracket is reduced to 37% and is applied to taxable income over \$600,000 (married filing jointly) or \$500,000 (single).
- Capital gain rates remain 15% with the 20% rate for taxable income over \$479,000 (married filing jointly) or \$425,800 (single). The 3.8% Medicare surtax was not repealed.
- The alternative minimum tax exemptions increase to \$109,400 (married filing jointly) or \$70,300 (single).
- 529 plans can be used to pay up to \$10,000 per student of K-12 tuition.
- The unearned income of dependent children will be taxed at the ordinary income and capital gains rates paid by trusts instead of at their parents' marginal tax rates.

## The Next Step

Explore your options. Give us a call to learn more about how we can work together for your success.

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