



TAX CHANGES FOR TAX YEAR 2018

Standard Deduction

Taxpayers who are married and filing jointly will have an increased standard deduction of \$24,000, up from the \$13,000 it would have been under previous law. Single taxpayers and those who are married and file separately now have a \$12,000 standard deduction, up from the \$6,500 and for heads of households; the deduction will be \$18,000, up from \$9,550.

Personal Exemption

The personal exemption has been eliminated with the tax reform bill.

Top Income Tax Rate

For taxpayers with incomes of \$500,000 and higher, the new tax rate is 37 percent. This top rate is also applicable to married taxpayers who file jointly at \$600,000 and up. This new tax law also includes changes to other tax brackets.

Child Tax Credit

Child tax credit has been increased to \$2,000 per qualifying child, for those who are under 17, up from \$1,000. A \$500 credit is also available for dependents that do not get the \$2,000 credit.

State and Local Taxes

The itemized deduction is limited to \$10,000 for both income as well as property taxes paid during the year.

Mortgage Interest

The deduction for interest is limited to \$750,000 for mortgage loan balances taken out after December 15th of 2017. The limit is still \$1,000,000 for mortgages that were established prior to December 15th of 2017.

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Contribution Limits for Retirement Savings

Taxpayers who take part in certain retirement plans such as 401k, 403(b), 457 plans, the Thrift Savings Plan can now contribute as much as \$18,500 this year, a \$500 increase from the \$18,000 limit for 2017.

Contributions to Roth IRAs

For taxpayers who are single or head of households, the income phase out has been increased to \$120,000 to \$135,000. For married couples who file jointly, the range increases to \$189,000 to \$199,000. However, the phase out was not adjusted for married individuals who file a separate tax return. Which is \$0 to \$10,000?

Estate Tax

The exemption has more than doubled from \$5,490,000 per individual to \$11,200,000. For married couples, the estate tax exemption also doubles from \$10,980,000 to \$22,400,000