

# TAX REFORM TAX POCKET GUIDE 2018



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Certified Public Accountants

## BUSINESS

### Depreciation

36-Month Assets (Straight-Line)
Most software
3-Year Assets (200% DB)
Dies, molds, small tools, certain horses, tractor units
5-Year Assets (200% DB)
Autos, computers, office machinery, taxis, buses, trucks, cattle, private aircraft, appliances, carpeting, furniture, farm equipment
7-Year Assets (200% DB)
Most manufacturing equipment, office furniture, printing equipment, oil and gas production equipment
15-Year Assets (150% DB)
Land improvements other than buildings, retail fuel outlets, leasehold property, restaurant property
27.5-Year Assets (Straight-Line)
Rental houses, apartments, low-income housing, furnaces, water pipes, venting
39-Year Assets (Straight-Line)
Nonresidential buildings

### Personal Property Depreciation

Percent of Original Depreciable Basis under 200% DB Method  
(Not applicable for mid-quarter convention)

Recovery Year	3-Year Class	5-Year Class	7-Year Class
1	33.33	20.00	14.29
2	44.45	32.00	24.49
3	14.81	19.20	17.49
4	7.41	11.52	12.49
5		11.52	8.93
6		5.76	8.92
7			8.93
8			4.46

### Section 179 Expense

	2018	2017
Maximum expense election	\$ 1,000,000	\$ 510,000
Phaseout threshold	\$ 2,500,000	\$ 2,030,000

## CORPORATE INCOME TAX RATES

### 2018 Tax Year

For tax years beginning after 12/31/17, the corporate tax rate is a flat 21% on all profits. Business owners can take a 20% deduction for the first \$315,000 of qualified business income (QBI) for joint filers of pass-through businesses.

For income above \$315,000, the legislation phases in limits producing an effective marginal tax rate of no more than 29.6%.

Personal Service Corporations - 21% flat tax rate.

Capital Gains Tax Rate - Same as regular rate.

### Regular Tax - 2017 Tax Year

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 - \$ 50,000	15%	\$ 0
\$ 50,001 - \$ 75,000	\$ 7,500 + 25%	\$ 50,000
\$ 75,001 - \$ 100,000	\$ 13,750 + 34%	\$ 75,000
\$ 100,001 - \$ 335,000	\$ 22,250 + 39%	\$ 100,000
\$ 335,001 - \$ 10,000,000	\$ 113,900 + 34%	\$ 335,000
\$ 10,000,001 - \$ 15,000,000	\$ 3,400,000 + 35%	\$ 10,000,000
\$ 15,000,001 - \$ 18,333,333	\$ 5,150,000 + 38%	\$ 15,000,000
\$ 18,333,334 and above	a flat 35%	

Personal Service Corporations — 35% flat tax rate.

Capital Gains Tax Rate — Same as regular rate.

## ESTATE AND GIFT TAXES

### Estate Taxes

	2018	2017
Estate tax exemption	\$11,200,000	\$ 5,490,000
Top estate tax rate	40%	40%

### Gift Taxes

	2018	2017
Lifetime gift tax exemption	\$11,200,000	\$ 5,490,000
Annual gift tax exclusion		
Gifts per person	\$ 15,000	\$ 14,000
Joint gifts by spouse	\$ 30,000	\$ 28,000
Top gift tax rate	40%	40%

## LONG-TERM CARE INSURANCE

If you are: You may deduct this much of your annual premiums

	2018	2017
Over 70	\$ 5,200	\$ 5,110
61 to 70	\$ 4,160	\$ 4,090
51 to 60	\$ 1,560	\$ 1,530
41 to 50	\$ 780	\$ 770
40 and under	\$ 420	\$ 410

## CAPITAL GAINS - 2018 & 2017

Holding Period	Top Capital Gains Rate	
	2018	2017
12 months or less	37% <sup>1</sup>	39.6% <sup>1</sup>
More than 12 months	20% <sup>1,2</sup>	20% <sup>1,2</sup>
Depreciation recapture on real estate	25%	25%
Collectibles and certain small business stock	28%	28%

<sup>1</sup> Capital gain rates may be subject to an additional 3.8% Medicare tax.

<sup>2</sup> Rate for taxpayers in the top income tax bracket. (Middle income tax brackets pay 15%.)

## COVERDELL ESAS - 2018 & 2017

	2018	2017
• Contribution limit	\$ 2,000 per beneficiary	\$ 2,000 per beneficiary
• AGI phaseouts:*		
Joint filers	\$ 190,000 - \$ 220,000	\$ 190,000 - \$ 220,000
Individual filers	\$ 95,000 - \$ 110,000	\$ 95,000 - \$ 110,000

\* Phaseout applies to the contributor, not the beneficiary.

## STANDARD MILEAGE RATES

Use	2018	2017
Business	54.5¢ per mile	53.5¢ per mile
Moving	18¢ per mile	17¢ per mile
Medical	18¢ per mile	17¢ per mile
Charitable	14¢ per mile	14¢ per mile

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**2018 INDIVIDUAL INCOME TAX RATES\***

**Regular Tax — Married, Filing Jointly or Surviving Spouse**

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 19,050	..... 10%	\$ 0
\$ 19,051 – \$ 77,400	\$ 1,905 + 12%	\$ 19,050
\$ 77,401 – \$ 165,000	\$ 8,907 + 22%	\$ 77,400
\$ 165,001 – \$ 315,000	\$ 28,179 + 24%	\$ 165,000
\$ 315,001 – \$ 400,000	\$ 64,179 + 32%	\$ 315,000
\$ 400,001 – \$ 600,000	\$ 91,379 + 35%	\$ 400,000
\$ 600,001 and above	\$161,379 + 37%	\$ 600,000

**Married, Filing Separately**

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 9,525	..... 10%	\$ 0
\$ 9,526 – \$ 38,700	\$ 953 + 12%	\$ 9,525
\$ 38,701 – \$ 82,500	\$ 4,454 + 22%	\$ 38,700
\$ 82,501 – \$ 157,500	\$ 14,090 + 24%	\$ 82,500
\$ 157,501 – \$ 200,000	\$ 32,090 + 32%	\$ 157,500
\$ 200,001 – \$ 300,000	\$ 45,690 + 35%	\$ 200,000
\$ 300,001 and above	\$ 80,690 + 37%	\$ 300,000

**Single**

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 9,525	..... 10%	\$ 0
\$ 9,526 – \$ 38,700	\$ 953 + 12%	\$ 9,525
\$ 38,701 – \$ 82,500	\$ 4,454 + 22%	\$ 38,700
\$ 82,501 – \$ 157,500	\$ 14,090 + 24%	\$ 82,500
\$ 157,501 – \$ 200,000	\$ 32,090 + 32%	\$ 157,500
\$ 200,001 – \$ 500,000	\$ 45,690 + 35%	\$ 200,000
\$ 500,001 and above	\$150,690 + 37%	\$ 500,000

**Head of Household**

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 13,600	..... 10%	\$ 0
\$ 13,601 – \$ 51,800	\$ 1,360 + 12%	\$ 13,600
\$ 51,801 – \$ 82,500	\$ 5,944 + 22%	\$ 51,800
\$ 82,501 – \$ 157,500	\$ 12,698 + 24%	\$ 82,500
\$ 157,501 – \$ 200,000	\$ 30,698 + 32%	\$ 157,500
\$ 200,001 – \$ 500,000	\$ 44,298 + 35%	\$ 200,000
\$ 500,001 and above	\$149,298 + 37%	\$ 500,000

2018 Qualified Dividend Income 15%\* (0% for lower tax brackets)  
 \*Individuals in the top tax bracket will pay 23.8% (20% plus a 3.8% Medicare surtax).  
 Note: Tax amounts have been rounded up to nearest dollar.

**2017 INDIVIDUAL INCOME TAX RATES\***

**Regular Tax — Married, Filing Jointly or Surviving Spouse**

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 18,650	..... 10%	\$ 0
\$ 18,651 – \$ 75,900	\$ 1,865 + 15%	\$ 18,650
\$ 75,901 – \$ 153,100	\$ 10,453 + 25%	\$ 75,900
\$ 153,101 – \$ 233,350	\$ 29,753 + 28%	\$ 153,100
\$ 233,351 – \$ 416,700	\$ 52,223 + 33%	\$ 233,350
\$ 416,701 – \$ 470,700	\$112,728 + 35%	\$ 416,700
\$ 470,701 and above	\$131,628 + 39.6%	\$ 470,700

**Married, Filing Separately**

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 9,325	..... 10%	\$ 0
\$ 9,326 – \$ 37,950	\$ 933 + 15%	\$ 9,325
\$ 37,951 – \$ 76,550	\$ 5,227 + 25%	\$ 37,950
\$ 76,551 – \$ 116,675	\$ 14,877 + 28%	\$ 76,550
\$ 116,676 – \$ 208,350	\$ 26,112 + 33%	\$ 116,675
\$ 208,351 – \$ 235,350	\$ 56,364 + 35%	\$ 208,350
\$ 235,351 and above	\$ 65,814 + 39.6%	\$ 235,350

**Single**

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 9,325	..... 10%	\$ 0
\$ 9,326 – \$ 37,950	\$ 933 + 15%	\$ 9,325
\$ 37,951 – \$ 91,900	\$ 5,227 + 25%	\$ 37,950
\$ 91,901 – \$ 191,650	\$ 18,714 + 28%	\$ 91,900
\$ 191,651 – \$ 416,700	\$ 46,644 + 33%	\$ 191,650
\$ 416,701 – \$ 418,400	\$120,911 + 35%	\$ 416,700
\$ 418,401 and above	\$121,506 + 39.6%	\$ 418,400

**Head of Household**

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 13,350	..... 10%	\$ 0
\$ 13,351 – \$ 50,800	\$ 1,335 + 15%	\$ 13,350
\$ 50,801 – \$ 131,200	\$ 6,953 + 25%	\$ 50,800
\$ 131,201 – \$ 212,500	\$ 27,053 + 28%	\$ 131,200
\$ 212,501 – \$ 416,700	\$ 49,817 + 33%	\$ 212,500
\$ 416,701 – \$ 444,550	\$117,203 + 35%	\$ 416,700
\$ 444,551 and above	\$126,950 + 39.6%	\$ 444,550

2017 Qualified Dividend Income 15%\* (0% for lower tax brackets)  
 \*Individuals in the top tax bracket will pay 23.8% (20% plus a 3.8% Medicare surtax).  
 Note: Tax amounts have been rounded up to nearest dollar.

**PERSONAL EXEMPTIONS**

	2018	2017
Deduction for each taxpayer, spouse, and dependent	repealed	\$ 4,050
There is an AGI phaseout beginning at:		
Married, filing jointly	repealed	\$ 313,800
Married, filing separately	repealed	\$ 156,900
Single	repealed	\$ 261,500
Head of household	repealed	\$ 287,650

**STANDARD DEDUCTION**

	2018*	2017
Married, filing jointly	\$24,000	\$12,700
Married, filing separately	\$12,000	\$ 6,350
Single	\$12,000	\$ 6,350
Head of household	\$18,000	\$ 9,350
Additional — blind or elderly		
Single	\$ 1,600	\$ 1,550
Married	\$ 1,300	\$ 1,250

\* Many itemized deductions have been eliminated or restricted.

## RETIREMENT PLANS

### Indexed Contribution & Benefit Limits for Qualified Plans

Type of Plan	2018	2017
Individual Retirement Accounts (IRAs)*	\$ 5,500	\$ 5,500
Section 401(k) plans or SAR-SEPs*	\$ 18,500	\$ 18,000
Section 403(b) plans*	\$ 18,500	\$ 18,000
Section 408(p)(2)(E) SIMPLE contributions*	\$ 12,500	\$ 12,500
Section 457(b)(2) limit*	\$ 18,500	\$ 18,000
Section 415 limit for:		
Defined contribution plans**	\$ 55,000	\$ 54,000
Defined benefit plans	\$ 220,000	\$ 215,000
Highly compensated employees Section 414(q)	\$ 120,000	\$ 120,000
FICA taxable wage base		
Social Security	\$ 128,700	\$ 127,200
Medicare (tax rate 1.45% for employees; 2.90% for self-employed)***	No limit	No limit

\* Age 50 additional contributions

401(k) type plans	\$ 6,000	\$ 6,000
SIMPLEs	\$ 3,000	\$ 3,000
IRAs	\$ 1,000	\$ 1,000

\*\* The Section 415 compensation limit for defined contribution plans is \$275,000.

\*\*\* An additional tax rate of 0.9% on wages in excess of \$200,000 may apply.

### Roth IRAs

AGI limit for maximum contributions:	2018	2017
Joint filers	\$ 189,000	\$ 186,000
Individual filers	\$ 120,000	\$ 118,000

The income limit on converting traditional IRAs to Roth IRAs was eliminated in 2010.

## SOCIAL SECURITY

Annual Earned Income Limit	2018	2017
Under full retirement age	\$ 17,040	\$ 16,920
Full retirement age	No Limit	No Limit

For people reaching full retirement age in 2018, the limit is \$45,360 for months prior to attainment. Beginning the month in which they turn full retirement age, there is no limit.

## HEALTH SAVINGS ACCOUNTS

Contribution Limits	2018	2017
Individual, self-only	\$ 3,450	\$ 3,400
Family Coverage	\$ 6,900	\$ 6,750
Catch-up for those age 55 and older	\$ 1,000	\$ 1,000

For 2018, the minimum deductible for a high-deductible health plan (HDHP) is \$1,350 for self-only coverage and \$2,700 for family coverage. The maximum out-of-pocket limit is \$6,650 for self-only coverage and \$13,300 for family plans.

## ALTERNATIVE MINIMUM TAX

AMT Exemptions	2018	2017
Married, filing jointly	\$ 109,400	\$ 84,500
Married, filing separately	\$ 54,700	\$ 42,250
Single	\$ 70,300	\$ 54,300
Head of household	\$ 70,300	\$ 54,300