

Parker's Guide to TCJA – Provisions Affecting Individuals

Quick Reference

Note: Most Tax Cuts and Jobs Act of 2017 (TCJA) provisions affecting individual taxpayers expire after December 31, 2025. Unless otherwise noted, provisions discussed in this guide are effective for tax years beginning after December 31, 2017 and ending before January 1, 2026 (i.e., they apply from 2018 to 2025).

2018 Tax Rates and Brackets

Item	TCJA Provision		
Married Filing Jointly and Surviving Spouses	If Taxable Income Is:		
	Over (\$)	But Not Over (\$)	The Tax Is:
	0	19,050	10% of the taxable income
	19,050	77,400	\$1,905.00 plus 12% of the excess over \$19,050
	77,400	165,000	\$8,907.00 plus 22% of the excess over \$77,400
	165,000	315,000	\$28,179.00 plus 24% of the excess over \$165,000
	315,000	400,000	\$64,179.00 plus 32% of the excess over \$315,500
	400,000	600,000	\$91,379.00 plus 35% of the excess over \$400,000
600,000	---	\$161,379.00 plus 37% of the excess over \$600,000	
Single Individuals Who Are Not Heads of Household or Surviving Spouses	If Taxable Income Is:		
	Over (\$)	But Not Over (\$)	The Tax Is:
	0	9,325	10% of the taxable income
	9,325	38,700	\$952.50 plus 12% of the excess over \$9,525
	38,700	82,500	\$4,453.50 plus 22% of the excess over \$38,700
	82,500	157,500	\$14,089.50 plus 24% of the excess over \$82,500
	157,500	200,000	\$32,089.50 plus 32% of the excess over \$157,500
	200,000	500,000	\$45,689.50 plus 35% of the excess over \$200,000
500,000	---	\$150,689.50 plus 37% of the excess over \$500,000	
Heads of Household	If Taxable Income Is:		
	Over (\$)	But Not Over (\$)	The Tax Is:
	0	9,325	10% of the taxable income
	9,325	38,700	\$952.50 plus 12% of the excess over \$9,525
	38,700	82,500	\$4,453.50 plus 22% of the excess over \$38,700
	82,500	157,500	\$14,089.50 plus 24% of the excess over \$82,500
	157,500	200,000	\$32,089.50 plus 32% of the excess over \$157,500
	200,000	300,000	\$45,689.50 plus 35% of the excess over \$200,000
300,000	---	\$80,689.50 plus 37% of the excess over \$300,000	

Item	TCJA Provision		
Married Filing Separately	If Taxable Income Is:		
	Over (\$)	But Not Over (\$)	The Tax Is:
	0	9,325	10% of the taxable income
	9,325	38,700	\$952.50 plus 12% of the excess over \$9,525
	38,700	82,500	\$4,453.50 plus 22% of the excess over \$38,700
	82,500	157,500	\$14,089.50 plus 24% of the excess over \$82,500
	157,500	200,000	\$32,089.50 plus 32% of the excess over \$157,500
	200,000	300,000	\$45,689.50 plus 35% of the excess over \$200,000
	300,000	---	\$80,689.50 plus 37% of the excess over \$300,000
Estate and Trusts	10% of taxable income up to \$2,550, 24% of the excess over \$2,550 but not over \$9,150; 35% of the excess over \$9,150 but not over \$12,500; and 37% of the excess over \$12,500.		

Personal Exemptions, Standard Deduction, and Family Tax Credits

Item	TCJA Provision
Personal Exemptions	Repeals the deduction for personal exemptions (including exemptions for dependents).
Standard Deduction	<ul style="list-style-type: none"> Increases the standard deduction to \$24,000 for married individuals filing a joint return, \$18,000 for head-of-household filers, and \$12,000 for all other taxpayers. Indexes the standard deduction for inflation using the C-CPI-U for taxable years beginning after December 31, 2018.
Child Tax Credit	<ul style="list-style-type: none"> Increases the child tax credit to \$2,000. Increases the adjusted gross income phaseout thresholds to \$400,000 for married taxpayers filing joint returns and \$200,000 for other individuals. The phaseout thresholds are not indexed for inflation. The credit is refundable up to \$1,400 in 2018 (indexed). Earned income threshold is lowered to \$2,500 (from present law \$3,000). Retains maximum age for a qualifying child (age 16) from present law. Any qualifying child claimed for the credit is required to use a Social Security number as that child's taxpayer identification number. Only the refundable portion of the credit is denied if no SSN is provided.
Credit for Non-Child Taxpayers	Provides a \$500 non-refundable credit for non-child dependents of the taxpayer. Phase-out rules applicable to the child tax credit apply.

Deductions

Item	TCJA Provision
Deduction for Mortgage Interest	<ul style="list-style-type: none"> Lowers the limitation on qualifying indebtedness to \$750,000 (\$375,000 for married taxpayers filing separately). Indebtedness incurred on or before December 14, 2017 is grandfathered at \$1,000,000. Retains the deduction for interest on indebtedness incurred to purchase a second home. Eliminates the deduction for interest on home equity interest loans. <p>Observation: Because the provision is effective for tax years beginning after December 31, 2017, and the grandfathering cutoff is December 14, 2017, taxpayers who incur mortgage</p>

Item	TCJA Provision
	debts in excess of the new limit between December 15 and December 31, 2017 will be able to apply the old limit for whatever days remain in 2017 from the date they incur their mortgage.
Deduction for State and Local Taxes	<ul style="list-style-type: none"> • Caps the deduction for state and local taxes, other than those accrued in a trade or business, at 10,000 (\$5,000 in the case of a married taxpayer filing separately). • Allows taxpayers to deduct the same types of taxes as under pre-TCJA law, except for foreign property taxes. The deduction for foreign property taxes is eliminated. <p>Caution: TCJA includes a provision blocking taxpayers from circumventing the new \$10,000 limitation by prepaying state and local income tax relating to the 2018 tax year in 2017. Any such prepayments will be treated as if they were made in 2018.</p> <p>Observation: Prepayments of not-yet-assessed 2018 property taxes that were made in 2017 are not deductible for the 2017 tax year. However, 2017 prepayments of 2018 property taxes that were assessed in 2017 but not due until 2018 are deductible in 2017.</p>
Deduction for Casualty and Theft Losses	Repeals the deduction for personal casualty and theft losses, other than in the case of a casualty loss suffered in a Presidentially declared disaster. TCJA provides additional relief for victims of 2016 and 2017 disasters in presidentially declared disaster areas, discussed below.
Deduction for Unreimbursed Medical Expenses	Retains the deduction for medical expenses and decreases the floor for the medical expense deduction for all taxpayers to 7.5 percent (from 10 percent) for taxable years 2017 and 2018.
Deduction for Charitable Contributions	<ul style="list-style-type: none"> • Increases the charitable contribution percentage limit (from 50 percent to 60 percent) for charitable contributions of cash to public charities and certain other organizations. • Denies deduction for payments in exchange for which the payer obtains the right to purchase college athletic event seating. • Repeals substantiation exception for contributions reported by the donee charitable organization.
Deduction for Certain Miscellaneous Expenses Subject to the Two-Percent Floor	<p>Repeals deduction for any miscellaneous itemized deductions subject to 2-percent of AGI floor, including:</p> <ul style="list-style-type: none"> • expenses for the production or collection of income; • tax preparation expenses; • unreimbursed expenses attributable to the trade or business of being an employee; • repayments of income received under a claim of right; • repayments of Social Security benefits; and • share of deductible investment expenses from pass-through entities.
Limitation on Gambling Deductions and Expenses	Limits all deductions for expenses incurred in carrying out gambling transactions (not just gambling losses) to the extent of wagering winnings.
Overall Limitation on Itemized Deductions	Repeals overall limitation on itemized deductions.
Alimony	Permanently repeals deduction for alimony payments (and corresponding inclusion in gross income) for tax years beginning after 12/31/2018. Alimony paid under separation agreements entered into on or before 12/31/2018 are grandfathered, as are payments made under modifications to such agreements unless the modification specifically says otherwise.
Deduction for Educator Expenses	Retains the \$250 above-the-line deduction for educator expenses, without changes (the House Bill would have repealed the deduction and the Senate Bill would have enhanced it).
Moving Expenses	<ul style="list-style-type: none"> • Repeals deduction for moving expenses other than for Members of the Armed Forces. • Repeals income and FICA tax exclusions for employer-provided qualified moving expenses other than for Members of the Armed Forces.
Deduction for Qualified Business Income (a.k.a., Passthrough Break)	Individuals, trusts, and estates may claim a deduction from taxable income equal to 20 percent of qualified business income (QBI) from a sole proprietorship, S corporation, partnership, LLC taxed as a partnership, REIT, or cooperative. The provision applies to tax years beginning after December 31, 2017 and before January 1, 2026.

Item	TCJA Provision
	The deduction for qualified business income is the subject of its own quick reference guide. See Parker Tax ¶ 360,007.

Other Income Tax Provisions Affecting Individuals

Item	TCJA Provision
Exclusion of Gain from Sale of a Principal Residence	Retains current rules, without changes (both the House Bill and the Senate Bill would have tightened the rules for the exclusion).
Discharge of Student Loan Indebtedness	Provides that student loans discharged on account of the death or disability of the student are not includible in income.
Alternative Minimum Tax	<p>Retains the alternative minimum tax and temporarily increases the AMT exemption amount and the and the exemption amount phaseout thresholds:</p> <ul style="list-style-type: none"> • For 2018, the exemptions are \$109,400 for joint filers; 54,700 for married taxpayers filing separately; and \$70,300 for all others. • The exemption amount phaseout thresholds are \$1,000,000 for joint filers and \$500,000 for all others.
Limitation on Losses	<ul style="list-style-type: none"> • For taxable years beginning after December 31, 2017, and before January 1, 2026, excess business losses of a taxpayer other than a corporation are not allowed for the taxable year. • Such losses are carried forward and treated as part of the taxpayer’s net operating loss (“NOL”) carryforward in subsequent taxable years. • Excess business loss for the taxable year is the excess of aggregate deductions attributable to trades or businesses of the taxpayer over the sum of aggregate gross income or gain of the taxpayer, plus a threshold amount. • The threshold amount for a taxable year is \$250,000 (\$500,000 for joint filers), indexed.
529 Accounts (Qualified Tuition Programs)	<ul style="list-style-type: none"> • Allows rollovers between 529 accounts and qualified ABLÉ accounts. • Allows up to \$10,000 in aggregate 529 distributions to be used for elementary and secondary school tuition.
Other Provisions Relating to Education (Non-Changes)	<p>With respect to the following educational tax breaks, which would have been repealed or modified under the House Bill, TCJA -</p> <ul style="list-style-type: none"> • Retains deduction for student loan interest. • Retains deduction for college tuition and related expenses. • Retains exclusion for employer educational assistance programs. • Retains exclusion on United States savings bonds used for educational expenses. • Retains exclusion for tuition waivers for graduate students. • Retains American Opportunity, without changes (the House Bill would have extended the credit into 5th year of higher education, at half-value of credit). • Retains Hope credit and Lifetime Learning credit.
529A Accounts (ABLE Accounts)	<ul style="list-style-type: none"> • Allows amounts to be rolled over from 529 accounts into ABLE accounts, up to the annual maximum contribution limit (not including the increased limit below). • Designated beneficiary can contribute an additional amount, up to the lesser of (1) the federal poverty line for a one-person household, or (2) the individual’s compensation for the year. • Makes contributions to ABLE accounts eligible for the saver’s credit.
Employee Achievement Awards	Permanently clarifies forms of achievement awards ineligible for deduction (cash, gift cards, and various intangible property are all ineligible).
Repeal of Individual Healthcare Mandate	Permanently eliminates Affordable Care Act ACA individual shared responsibility payment for failure to obtain required health coverage.

Item	TCJA Provision
Relief to 2016 and 2017 Disaster Victims	<p>Provides two forms of relief for individuals residing in areas experiencing a presidentially declared disasters:</p> <ul style="list-style-type: none"> • for 2016 only, retirement plan and IRA distributions up to \$100,000 are exempt from 10-percent early withdrawal tax, includible in income in installments over three years, and are eligible for rollover to another plan or IRA within three years; and • for 2016 and 2017, deduction for casualty losses is not subject to ten-percent AGI floor, and may be taken in addition to the standard deduction <p>Observation: Victims of several major 2017 disasters were granted similar disaster relief by Pub. L. 115-63 which remains in effect. See Parker Tax ¶ 79,330, “Hurricane Harvey, Irma, and Maria Relief” for an explanation of those relief provisions.</p>
Bicycle Commuter Fringe	Permanently repeals income and FICA tax exclusions for employer-provided bicycle commuter fringe.
Extension of Time Limit to Contest IRS Levy	Permanently extends from nine months to two years the period for returning the monetary proceeds from the sale of property that has been wrongfully levied upon. The provision also extends from nine months to two years the period for bringing a civil action for wrongful levy. The provision would be effective with respect to: (1) levies made after the date of enactment; and (2) levies made on or before the date of enactment provided that the nine-month period has not expired as of the date of enactment.
Combat Zone Benefits	Extends combat zone benefits to Sinai Peninsula of Egypt.
Length of Service Award Programs for Public Safety Volunteers	Permanently increases the aggregate amount of length of service awards that may accrue for a bona fide volunteer with respect to any year of service to \$6,000 and adjusts that amount to reflect changes in cost-of-living for years after the first year the provision is effective.

Retirement Plans

Item	TCJA Provision
Rule Permitting Recharacterization of IRA Contributions	Partially repeals the special rule that allows IRA contributions to one type of IRA (either traditional or Roth) to be recharacterized as a contribution to the other type of IRA. Under the revised rule, a conversion contribution to a Roth IRA may no longer be recharacterized as a contribution to a traditional IRA. Thus, recharacterization cannot be used to unwind a Roth conversion.
Extended Rollover Period for the Rollover of Plan Loan Offset Amounts in Certain Cases	Under current law, if a plan terminates or an employee’s employment terminates while a plan loan is outstanding, the employee has 60 days to contribute the loan balance to an individual retirement account (IRA), or the loan is treated as a distribution. Under TCJA, employees whose plan terminates or who separate from employment while they have plan loans outstanding would have until the due date for filing their tax return for that year to contribute the loan balance to an IRA in order to avoid the loan being taxed as a distribution. qualified plan loan offset amount is a plan loan offset amount that is treated as distributed from a qualified retirement plan, a section 403(b) plan or a governmental section 457(b) plan solely by reason of the termination of the plan or the failure to meet the repayment terms of the loan because of the employee’s severance from employment.

Healthcare Taxes

Item	TCJA Provision
Repeal of Individual Healthcare Mandate	Permanently eliminates Affordable Care Act ACA individual shared responsibility payment for failure to obtain required health coverage, effective with respect to health coverage status for months beginning after December 31, 2018.

Estate, Gift, and Generation-Skipping Transfer Taxes

Item	TCJA Provision
Estate, Gift, and Generation-Skipping Transfer Taxes Exclusion Amount	<ul style="list-style-type: none">• Permanently doubles the basic exclusion amount for estate and gift tax purposes from \$5.6 million to \$11.2 million (indexed).• Retains the estate, gift, and generation-skipping transfer (GST) taxes (i.e., TCJA omits a provision from the House Bill that would have repealed the estate and GST taxes, beginning in 2025).

Related Materials on TCJA

- Parker's in-depth explanation of TCJA – Parker's Federal Tax Bulletin, Issue 160 (December 26, 2017)
- Sample client letter explaining TCJA's provisions affecting individuals – Parker Tax ¶ 320,125.
- Sample client letter explaining TCJA's provisions affecting businesses – Parker Tax ¶ 320,124.
- Quick reference guide – TCJA Provisions Affecting Businesses – Parker Tax ¶ 360,006.
- Quick reference guide – TCJA Deduction for Qualified Business Income – Parker Tax ¶ 360,007.
- Quick reference guide – Comparison of the House, Senate, and Conference Committee Bills – Parker Tax ¶ 360,140.
- Legislative text of the Tax Cuts and Jobs Acts of 2017 (Pub. L. 115-97) – Parker's Federal Tax Legislation database.