

Dear Clients and Friends,

Although the new tax law has not been enacted, we thought it would be helpful to take a look at the law as agreed by the Conferees on Friday and share some basic computations illustrating the tax bill's impact. Let's start by reviewing the new tax rate brackets for most tax filers. And, yes, there are still seven tax brackets.



## NEW TAX BRACKETS

### Married Filing Jointly Tax Rates Brackets - Based Upon Taxable Income in Dollars (\$)

		Existing - 2017		2018 - New Law	
10%		0	18,650	0	19,050
12%				19,050	77,400
15%		18,650	75,900		
22%				77,400	165,000
24%				165,000	315,000
25%		75,900	153,100		
28%		153,100	233,350		
32%				315,000	400,000
33%		233,350	416,700		
35%		416,700	470,700	400,000	600,000
37%				600,000	AND UP
39.6%		470,700	AND UP		

### Unmarried Individuals Tax Rates Brackets - Based Upon Taxable Income in Dollars (\$)

		Existing - 2017		2018 - New Law	
10%		0	9,325	0	9,525
12%				9,525	38,700
15%		9,325	37,950		
22%				38,700	82,500
24%				82,500	157,500
25%		37,950	91,900		
28%		91,900	191,650		
32%				157,500	200,000
33%		191,650	416,700		
35%		416,700	418,400	200,000	500,000
37%				500,000	AND UP
39.6%		418,400	AND UP		

The new tax rates are only part of the equation. There will no longer be a deduction for personal exemptions. The standard deduction is nearly doubling from \$12,700 to \$24,000 for Married Filing Joint ("MFJ") filers and from \$6,350 to \$12,000 for Unmarried (single) individuals.

For those who historically have itemized their deductions, many will lose many of their itemized deductions as state and local income and property tax deductions have been limited to \$10,000 per year (\$5,000 for Married Filing Separately), miscellaneous itemized deductions subject to the 2% floor have been eliminated and casualty losses have been limited. Accordingly, the taxable income for a large number of taxpayers will be higher due to the limitation on these deductions. To assist you in estimating the impact of the new tax rates and the potentially higher taxable income, we have prepared two tables (one for MFJ and one for Single) providing a "rough and dirty" analysis which computes the new 2018 tax rates, under three different assumptions:

1. Your taxable income remains flat;
2. Your taxable income increases 10% due to loss of deductions; or
3. Your taxable income increases 20% due to loss of deductions.

The computations below do not consider the Alternative Minimum Tax ("AMT"), the Child Tax Credit or any other tax credits. For most of you, the AMT will not apply as the deductions that gave rise to most incidents of AMT (miscellaneous itemized deductions and state income and property tax deductions) are mostly gone.

The new tax law is extraordinarily complex. There will be other variables, such as lower taxes on certain flow-through entities, the elimination of interest on certain home equity loans and a myriad of other changes. We encourage you to reach out to us in the coming days to discuss your concerns and questions about the new tax law and its impact upon you and your family.

The lay-press has done a credible job in summarizing the Conference Report. For one example, see this link from The New York Times: <https://nyti.ms/2kAu6um> . Also, see a tabular summary of the Conference Report by the Tax Foundation: <https://taxfoundation.org/conference-report-tax-cuts-and-jobs-act/> .

Here are the tables. We hope they help.

With warm regards,

Marty and Robbin

Married Filing Jointly							
Taxable Income			Regular Tax - Not AMT				
Old	New* 10%	New* 20%	Old	New - Flat	New 10%	New 20%	
60,000	66,000	72,000	8,068	6,819	7,539	8,259	
100,000	110,000	120,000	16,478	13,879	16,079	18,279	
150,000	165,000	180,000	28,978	24,879	28,179	31,779	
200,000	220,000	240,000	42,885	36,579	41,379	46,179	
250,000	275,000	300,000	57,717	48,579	54,579	60,579	
300,000	330,000	360,000	74,217	60,579	68,979	78,579	
350,000	385,000	420,000	90,717	75,379	86,579	98,379	
400,000	440,000	480,000	107,217	91,379	105,379	119,379	
500,000	550,000	600,000	143,231	126,379	143,879	161,379	
600,000	660,000	720,000	182,831	161,379	183,579	205,779	
1,000,000	1,100,000	1,200,000	341,231	309,379	346,379	383,379	

\* Assumes Taxable Income is 10% or 20% higher due to Loss of Itemized Deductions & Personal Exemptions

Unmarried Individuals (Single)							
Taxable Income			Regular Tax - Not AMT				
Old	New* 10%	New* 20%	Old	New - Flat	New 10%	New 20%	
60,000	66,000	72,000	10,739	9,140	10,460	11,780	
100,000	110,000	120,000	20,982	18,290	20,690	23,090	
150,000	165,000	180,000	34,982	30,290	34,490	39,290	
200,000	220,000	240,000	49,399	45,690	52,690	59,690	
250,000	275,000	300,000	65,899	63,190	71,940	80,690	
300,000	330,000	360,000	82,399	80,690	91,190	101,690	
350,000	385,000	420,000	98,899	98,190	110,440	122,690	
400,000	440,000	480,000	115,399	115,690	129,690	143,690	
500,000	550,000	600,000	153,819	150,690	169,190	187,690	
600,000	660,000	720,000	193,419	187,690	209,890	232,090	
1,000,000	1,100,000	1,200,000	351,819	335,690	372,690	409,690	

\* Assumes Taxable Income is 10% or 20% higher due to Loss of Itemized Deductions & Personal Exemptions



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