

The Reconciliation Tax Resolution for Fiscal Year 2018

Key provisions become effective after December 31st, 2017 and expire before January 1st, 2026

Provisions	Pertinent changes from previous law
Individual Income Tax Rates	10%, 12%, 22%, 24%, 32%, 35%, and 37%. Please see the second table for a summary of the proposed rates and income thresholds.
Personal Exemptions Currently \$4,050 x each taxpayer or dependent.	Suspended until 2026.
Child Tax Credit Currently, \$1,000 for each child under the age of 17.	\$2,000 (\$1,400 refundable) for children under the age of 18. Adds \$500 for other dependents. The AGI phase out of the credit begins at \$400,000 (increased from \$110,000).
Standard Deduction Currently, \$6,350 for singles, \$12,700 for Married Filing Joint filers (MFJ).	\$12,000 for Singles, \$18,000 for Head of Household, and \$24,000 for MFJ filers.
Medical Deduction Currently, you can deduct the amount of out-of-pocket medical expenses that exceed 10 percent of your adjusted gross income.	For those who can itemize, reinstates the 7.5% AGI floor (above which expenses are deductible) for 2017 and 2018.
State and Local Tax Deductions Currently these taxes are fully deductible.	Limits all state and local income, state, sales, and property tax to \$10,000. The final bill also prohibits deductions for 2018 taxes paid in 2017.
Mortgage Interest Currently, interest is deductible for up to \$500,000 for acquisition or improvement indebtedness for singles and \$1,000,000 for MFJ filers.	Reduces the limit of acquisition indebtedness to \$750,000 (from \$1,000,000) for debt incurred after 12/15/2017. Otherwise, interest remains deductible if you itemize your deductions. Suspends the equity debt (e.g., home equity loans not used to purchase/improve your home) interest deduction.
Charitable Contributions Currently deductible.	Remain deductible if you itemize your deductions. Raises the AGI limit for contributions made to public charities to 60% of AGI (from 50%). If your contributions exceed the AGI threshold you must carryforward the balance of the contribution deduction amount to future tax years.
Miscellaneous Itemized Deductions	Suspended until 2026.
Itemized Deduction Phase-Out (“Pease”)	Suspended until 2026.

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<p>Alternative Minimum Tax (AMT) Currently, AMT exemption \$84,500 for MFJ filers and 54,300 for Single and HOH filers.</p>	<p>It remains, but increases the AMT exemption to \$104,900 for MFJ filers, and to \$70,300 for Single and HOH filers.</p> <p>Phase out of the exemption begins at \$1,000,000 for MFJ and \$500,000 for Single and HOH filers.</p>
<p>Adoption Credit</p>	<p>Remains (proposed to be repealed under the initial House version).</p>
<p>Section 121 Home Sale Exclusion Currently, exemption on \$250,000 of the gain for singles and \$500,000 for MFJs.</p>	<p>Remains (proposed to be amended under the initial House version).</p>
<p>Moving Expense Deduction Currently deductible for moves greater than 50 miles required by change of job.</p>	<p>Suspended except for members of the Military.</p> <p>A corresponding provision also now makes employer-reimbursed moving expenses taxable to the employee.</p>
<p>Alimony Deduction/Income Inclusion Currently, Alimony is deductible by the payor and includible in the income of the payee.</p>	<p>Suspends the deduction for alimony paid, and requirement to claim alimony received, for divorce agreements executed after December 31st, 2018.</p>
<p>529 Tuition Savings Plans Currently limited to post high school educational expenses.</p>	<p>Expands the definition of qualified educational expense to include distributions for Kindergarten through 12th grade tuition up to \$10,000 per year. However, these distributions can only be made from contributions made <i>after</i> December 31st, 2017.</p>
<p>Roth IRA Recharacterizations Currently, you generally can recharacterize your rollover or conversion by October 15 of the following year.</p>	<p>Suspends recharacterization of Roth IRA conversions. If you convert to a Roth IRA between 2018 and 2026, you cannot <i>undo</i> your conversion.</p>
<p>Estate Taxes The exemption amount (i.e., the value of an estate below which it is not subject to estate tax) is \$5,500,000.</p>	<p>The exemption amount increases to \$11,000,000.</p> <p>This does <i>not</i> revert to the pre-2018 amount in 2026.</p>
<p>Affordable Care Act Mandate Penalty</p>	<p>Eliminates the penalty for failing to have health insurance beginning in 2019.</p>

Proposed New Tax Rates (subject to change) for 2018

Marginal Rate	Single	Married F. Joint	Head of Household	Married F. Separately
10%	\$0- 9,525	\$0- 19,050	\$0- 13,600	\$0- 9,525
12%	\$9,526- 38,700	\$19,051- 77,400	\$13,601- 51,800	\$9,526- 38,700
22%	\$38,701- 82,500	\$77,401- 165,000	\$51,801- \$82,500	\$38,701- 82,500

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24%	\$82,501- 157,500	\$165,001- 315,000	\$82,501- 157,500	\$82,501- 157,500	
32%	\$157,501- 200,000	\$315,001- 400,000	\$157,501- 200,000	\$157,501- 200,000	
35%	\$200,001- \$500,000	\$400,001- \$600,000	\$200,001- \$500,000	\$200,001- \$500,000	
37%	Over \$500,000	Over \$600,000	Over \$500,000	Over \$500,000	

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