

# The Tax Cuts and Jobs Act (2017)

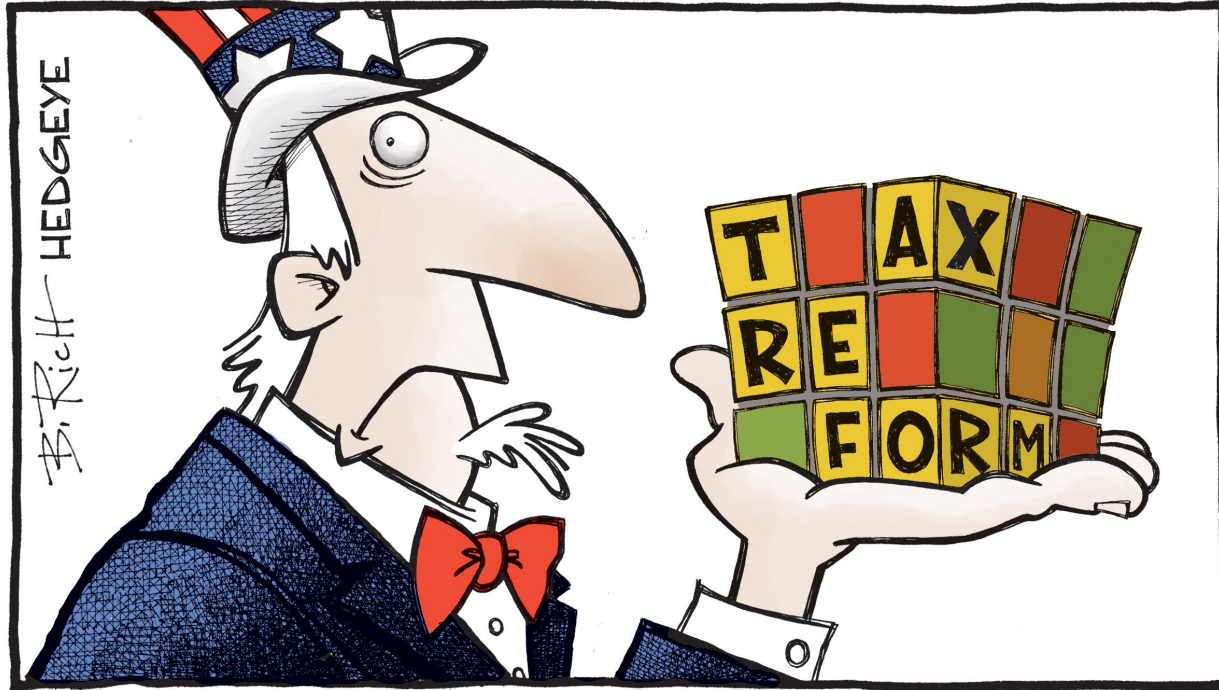


# Overview



- *The most significant overhaul to the tax code since 1986, resulting in over \$1.2 trillion in tax cuts over 10 years*
- *Provides generally lower tax rates for all individual tax filers*
- *Final legislation benefits many homeowners, homebuyers, and real estate investors*

# How will this affect me?



# Major Changes

- **Standard Deduction:**
  - Increased to **\$12k** for single filers, **\$24k** for joint filers
  - Only **5-8% of filers** will now be eligible to claim mortgage interest & property tax deductions (meaning there will be no tax differential between renting & owning for more than 90% of taxpayers)
  - Will result in less reason to itemize



# Major Changes

- **Downsized Mortgage Interest Deductions:**
  - *Reduced to \$750k for loans taken out after Dec. 14, 2017*
  - *Only impacts 2-3% of American households*
  - *Will not affect current homeowners*
  - *Also eliminates interest deduction on home equity loans*



# Additional Changes



- **Property Tax Deductions:** Limited at \$10,000
- **HELOC:** Deductible only for home improvements
- **Private Mortgage Insurance:** No longer deductible
- **Capital Gains Exclusion:**  
You can exclude up to \$250k (single filers), or \$500k (joint filers) for capital gains when selling a primary home as long as the homeowner has lived in the residence for 2 of the past 5 years.

# Final Notes

- **Moving Expenses:** Deduction is now eliminated, except for members of the military
- **Estate Tax:** Estate tax exemption doubled to \$11.2 million
- **Low-Income Housing Tax Credit:** remains at 4%
- **Historic Tax Credit:** Continues to provide a 20% credit when certified historic property is placed into service, BUT the new law spreads the deduction over 5 years
- **Deduction for casualty losses:** restricted to only losses attributable to a presidentially-declared disaster



REMEMBER... IF ANYONE ASKS, YOUR NAME IS "DEPENDENT"