To: MAR Members

From: Barbara J. Van Burgel, Executive Director, Maine Association of Retirees

Date: February 12, 2018

RE: Article in the Winter Newsletter Regarding the Federal Tax Bill

I must apology for the mistakes in the Article in the Winter 2018 Newsletter on the Federal Tax Bill. I used a Congressional website to obtain the information and it was NOT the correct or updated information from the final compromised bill signed by President Trump.

Below is, what I hope, is the correct information on the Federal Tax Bill. Please accept my apology.

Federal Tax Overhaul Bill

On December 15, President Trump signed the Federal Tax Overhaul Bill which will be the rules for filing your 2018 federal taxes. This bill DOES NOT IMPACT your 2017 Federal Tax filing due on April 15, 2018.

The Federal Tax Overhaul Bill has multiple portions with a variety of changes. This is a summary of a few of the changes that are geared to individuals.

The Federal Tax Overhaul Bill:

- Replaces current seven existing tax brackets (10%,15%, 25%, 28%, 33%, 35% and 39.6%) with seven different tax brackets (10%12% , 22%, 24%, 32% ; 35% and 37%);
- Requires the Consumer Price Index to be used to index the brackets for inflation;
- Increases the standard deduction to:
  - $24,000 for married filing a joint return from the current $12,700; and
  - $12,000 for all other taxpayers from the current $6,350.
- Increases the child tax credit from the current $1,000 to $1,400 per qualified child;
- Modifies 529 Plans to allow distribution up to $10,000 per student in tuition expenses in the taxable year at public, private or religious elementary or secondary schools;
- Repeals the deduction for unreimbursed medical expenses;

    - *An amendment was included that restores the medical expense deduction. The deduction is for high, unreimbursed health care costs, including seniors paying for long-term care for a loved one and those with expensive, chronic health care conditions.*
    - *The threshold for claiming the deduction is lowered from 10 percent to 7.5 percent for 2017 and 2018.*
- Deduction for personal casualty and theft losses are limited to federally declared disasters starting in 2018;
- Modifies the exclusion of gain from the sale of principal residence to $500,000 ($250,000 for single filers) from capital gains taxation, as long as lived there for two of the previous five years:
- Deductions for a combination of property taxes, state and local income taxes, and sales taxes is capped at $10,000;
- Deductions on home mortgage interest is limited to loans of $750,000;
- Eliminations deductions on home equity loans.

There are many more partsof this bill which coverings business, energy credits, Bonds, Foreign Income, etc. MAR encourages you to contact your tax preparer and discuss the changes which will impact you during next year's tax filing.

In addition, a continuing resolution was passed which prevent any automatic cuts to the Medicare program that could have been triggered as a result of the Pay-As-You-Go Act of 2010 (PAYGO). PAYGO is a federal budget rule requiring tax cuts must be covered by tax increases or cuts in mandatory spending. Without this continuing resolution, Medicare would have been one of the programs mandatorily cut to cover the tax cuts.