True Income Tax Rate Lowered to 37 percent. Seven brackets remain ranging from 10 percent to 37 percent.

- Long-term capital gain tax rates (0%, 15%, 20%) remain. Net investment income tax of 3.8% still applies. Short-term capital gains still taxed as ordinary income.

- Withholding tables have been updated for 2018. CAUTION: Do not assume these tables will estimate tax liability correctly, especially if two spouses working, and/or more than 2 kids.

- Combined property & state income tax deduction limited to $10k

- All miscellaneous itemized deductions are repealed
  - No deduction for investment advisor fees, tax prep fees, attorney fees, etc.

- Standard deduction of $12k Single/$24k MFJ
  - Exemptions repealed

- Child tax credit increased to $2k per child
  - AGI phaseout at $400K MFJ ($200K Single)
  - New $500 credit for college-aged children, or dependent parents

- Mortgage debt limit of $750K to deduct mortgage interest
  - For new mortgages taken out after 12.15.17

- HELOC interest will no longer be deductible after 2017
  - HELOC used for improvements OK

- Medical expenses will be deductible for 2017 & 2018
  - 7.5% of AGI for 2017 & 2018

- AMT remains for individuals (Repealed for corporations only)

- Estate & gift tax exemption increases to $11.2 Million (individual) and $22.4 Million (MFJ)
  - Annual gift exclusion = $15K

- Reversal of alimony treatment (not deductible to payor, not includable in income of recipient)
  - For new divorce agreements after 12/31/2018 (i.e. starting in 2019 and beyond)

- Recharacterizations of Roth IRA conversions repealed
  - Ok to correct excess contributions

- Kiddie taxes on unearned income will use trust tax rates, not parent’s rates
  (Unearned income threshold is relatively unchanged at $2,100)
  - Highest tax bracket kicks in at $12,500 taxable income

- The corporate tax rate changed to a flat 21 percent rate

- Certain individuals with pass-through businesses may be allowed to deduct up to 20 percent of the income, with complex limitations, especially for service businesses.

**CA has not conformed to any of the new federal tax laws**