

2018 TAX REFERENCE GUIDE

350 East Las Olas Boulevard Suite 960, Fort Lauderdale, FL 33301
 Phone: (954) 809-6363
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2018 Tax Brackets

MARRIED, FILING JOINTLY	
0-19,050	10%
19,051-77,400	12%
77,401-165,000	22%
165,001-315,000	24%
315,001-400,000	32%
400,001-600,000	35%
Over 600,000	37%

HEAD OF HOUSEHOLD	
0-13,600	10%
13,601-51,800	12%
51,801-82,500	22%
82,501-157,500	24%
157,501-200,000	32%
200,001-500,000	35%
Over 500,000	37%

SINGLE	
0-9,525	10%
9,526-38,700	12%
38,701-82,500	22%
82,501-157,500	24%
157,501-200,000	32%
200,001-500,000	35%
Over 500,000	37%

MARRIED FILING SEPARATELY	
0-9,525	10%
9,526-38,700	12%
38,701-82,500	22%
82,501-157,500	24%
157,501-200,000	32%
200,001-300,000	35%
Over 300,000	37%

MORTGAGE INTEREST DEDUCTION
For new mortgages after December 15, 2017, interest is deductible up to \$750,000 of debt

ESTATES AND TRUSTS	
\$0-\$2,550	10%
\$2,551-\$9,150	24%
\$9,151-\$12,500	35%
Over \$12,500	37%

STANDARD DEDUCTIONS	
Married, Filing Jointly	24,000
Head of Household	18,000
Single	12,000
Married, Filing Separately	12,000
Blind or Over 65 - Married	1,300
Blind or Over 65 - Single	1,600

ITEMIZED DEDUCTIONS	
Non-business Cas Loss	Repealed for 2018**
Medical Expenses	Excess of 7.5%AGI
Misc. Item. Ded	Repealed for 2018
State & Local Tax Deductions	\$10,000
Mortgage Interest Deduction Limit	Up to \$750,000 indebtedness
Moving expenses	Eliminated, except for armed services

PERSONAL EXEMPTION AMOUNT Repealed for 2018

EXEMPTIONS	
Personal and Dependent Amount	Repealed for 2018
Estate Amount	\$600
Simple Trust Amount	\$300
Complex Trust Amount	\$100

** except Loss from Presidential Declared Disasters

CHILD TAX CREDIT	
Child Tax Credit	2,000
Qualifying Dependent Tax Credit per dependent	\$500
Phaseout Range (single)	\$200,000 of MAGI
Phaseout Range (Married filing jointly)	\$400,000 of MAGI
Maximum Refundable Amount	\$1,400

KIDDIE TAX EXEMPTION \$1,050

*In the past, earnings subject to the kiddie tax were taxed at the parents' tax rate. Starting with 2018 returns, investment earnings in excess of \$2,100 will be taxed at the rates that apply to trusts and estates.

ALTERNATIVE MINIMUM TAX (AMT) EXEMPTION AMOUNT	Phase Out
Married, Filing Jointly	\$109,400 / \$1,000,000
Head of Household	\$70,300 / \$500,000
Single	\$70,300 / \$500,000
Married, Filing Separately	\$54,700 / \$500,000

ITEMIZED DEDUCTIONS	
Married Filing Jointly	\$313,800
Head of Household	\$287,650
Single	\$261,500
Married, filing Separate	\$156,900

EDUCATION	
529 Plan Contributions (annual exclusion)	\$15,000
Accelerate 5 years of gifting into 1 year	
Individual	\$75,000
Joint	\$150,000
American Opportunity Credit	Up to \$2,500
Lifetime Learning Credit	\$2,000*
Coverdell Education Savings Contribution	\$2,000
Student Loan Interest Deduction	\$2,500

*20% of qualified expenses of first \$10,000

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2018 Tax Brackets Continued

PAYROLL TAXES	
Self-employed Rate (first \$128,400 of net income)	15.30%
Self-employed Rate (net income in excess of \$128,400)	2.90%
Employer Rate (OASDI+Medicare)	7.65%
Employee Rate (OASDI+Medicare)	7.65%
OASDI Maximum Base	\$128,700
Medicare Rate	1.45%
Medicare Rate (above \$200,000)	0.90%
FUTA Rate	0.60%
FUTA Wage Base	\$7,000
Household Employer Tax Threshold	\$2,100

EARNED INCOME TAX CREDIT		NO CHILDREN	ONE CHILD	TWO CHILDREN	THREE OR MORE CHILDREN
Single / Head of Household	Income at Max Credit	\$6,800	\$10,200	\$14,320	\$14,320
	Maximum Credit	\$520	\$3,468	\$5,728	\$6,444
	Phaseout Begins	\$8,510	\$18,700	\$18,700	\$18,700
	Phaseout Ends (Credit equals zero)	\$15,310	\$40,402	\$45,898	\$49,298
Married Filing Jointly	Income at Max Credit	\$6,800	\$10,200	\$14,320	\$14,320
	Maximum Credit	\$520	\$3,468	\$5,728	\$6,444
	Phaseout Begins	\$14,200	\$24,400	\$24,400	\$24,400
	Phaseout Ends (Credit equals zero)	\$21,000	\$46,102	\$51,598	\$54,998

CORPORATIONS	
C-corporation income	21% tax rate applied
Enhanced expensing for capital expenditures	Corporations can apply 100% expensing on capital expenditures (with some exclusions, such as property used in a real property trade or business) over the next five years, with a gradual phase-out afterwards.* There are also enhanced expensing rules for small businesses.**
Lower deduction for interest payments	Deduction for net interest payments on debt allocable to a trade or business is generally limited to a maximum of 30% of adjusted taxable income, subject to certain exceptions and exclusions
Overseas profits are 'deemed' to be repatriated	Profits held overseas are repatriated at a tax rate of 15.5% for cash and 8% for non-liquid assets

FLOW THROUGH S CORP, PARTNERSHIP, AND SOLE PROPRIETORSHIP	
Deduction for Non Service up to 20% of qualified business income (no phaseout) (Taxable income not exceeding \$157,500 (\$315,000 joint))	up to 20% deduction on qualified business income
Deduction for Non Service up to 20% of qualified business income (no phaseout) (Taxable income exceeding \$157,500 (\$315,000 joint))	Limit is greater of 50% of allocable wages or 25% of allocable wages and 2.5% of unadjusted basis
Deduction for Service up to 20% of qualified business income (no phaseout) (Taxable income not exceeding \$157,500 (\$315,000 joint))	Limit is greater of 50% of allocable wages or 25% of allocable wages and 2.5% of unadjusted basis
Deduction for Service up to 20% of qualified business income (Taxable income not exceeding \$157,500 (\$315,000 joint)) Phaseout ends \$415,000 Joint or \$207,500 for other	Limit is greater of 50% of allocable wages or 25% of allocable wages and 2.5% of unadjusted basis

* New expensing guidelines apply to qualified property purchased after September 27, 2017.

** For property placed in service in tax years beginning after December 31, 2017, the maximum amount a taxpayer may expense under Code Sec. 179 is increased from \$500,000 to \$1 million.

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Affordable Care Act Tax Provisions

Net Investment Income Tax (AKA Medicare Surtax)

Individual Filers will pay an additional 3.8% on Net Investment Income (NII) above certain income thresholds. NII includes, but is not limited to:

- Rental and royalty income
- Non-qualified annuities
- Income from businesses involved in trading of financial instruments or commodities
- Interest
- Dividends
- Capital gains
- Income from businesses that are passive activities to the taxpayer

In order to arrive at NII, certain deductions from Gross Investment income are allowed and are:

- Investment interest expense
- Investment advisory and brokerage fees
- Expenses related to rental and royalty income
- State and local income taxes allocated to the items included in NII

Filing Status

Threshold

Married, Filing Jointly & Qualifying Widow(er) w/ dependent child	\$250,000
Married, Filing Separately	\$125,000
Single/Head of Household	\$200,000

Estates and Trusts will be subject to the NII Tax if they have undistributed Net Investment Income and also have AGI over the dollar amount at which the highest tax bracket for an estate or trust begins for such taxable year (for tax year 2016, this threshold amount is \$12,300).

Income derived from tax exempt sources (i.e. municipal bonds); the amount of gain excluded on the sale of a principal residence; self-employment income; Social Security benefits; wages; unemployment compensation; alimony; operating income from a non-passive business; and distributions from certain qualified plans are NOT subject to the Medicare Surtax.

Additional Medicare Tax (aka Hospital Insurance Tax)

An additional .9% Medicare Tax will apply to wages and compensation and self-employment income above certain income thresholds.

Filing Status

Threshold

Married, Filing Jointly & Qualifying Widow(er) w/dependent child	\$250,000
Married, Filing Separately	\$125,000
Single/Head of Household	\$200,000

All wages that are currently subject to Medicare Tax are subject to Additional Medicare Tax if they are paid in excess of the applicable threshold for an individual's filing status.

An employer must withhold Additional Medicare Tax from wages it pays to an individual in excess of \$200,000 in a calendar year, without regard to the individual's filing status or wages paid by another employer. An individual may owe more than the amount withheld by the employer, depending on the individual's filing status, wages, compensation, and self-employment income. In that case, the individual should make estimated tax payments and/or request additional income tax withholding using Form W-4, Employee's Withholding Allowance Certificate.

Monthly Penalty for failure to maintain minimum essential coverage:

One-twelfth of greater of:

- Flat dollar amount (\$695)
or
- Percentage of Income (2.5%)

**** Individual responsibility payment, no change in 2018, but set to be repealed effective 1/1/2019.****

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RETIREMENT/PENSION PLANS	
Max Annual Benefit for Defined Benefit	\$220,000
Max Annual Contribution for Defined Plan	\$55,000
Highly Compensated Employee Definition	\$120,000
SEP Compensation Limit	\$275,000
401k Max elective Deferral	\$18,500
IRA Deduction Limit (49yrs and below)	\$5,500
IRA Deduction Limit (50yrs and above)	\$6,500
SIMPLE Contribution Limit	\$12,500
CATCH UP CONTRIBUTIONS	
Traditional and Roth IRA	\$1,000
SIMPLEs	\$3,000
401k, 403b, 457 plans	\$6,000
PHASE OUT FOR DEDUCTING IRA	
Joint	\$101,000-\$121,000AGI
Single or HOH	\$63,000-\$73,000AGI
Spousal IRA	\$ 189,000-\$199,000AGI
Filing Separately	\$0-\$10,000AGI
PHASE OUT OF ROTH	
Joint	\$189,000-\$199,000MAGI
Single, HOH	\$120,000-\$135,000MAGI
Filing Separately	\$0-\$10,000MAGI
HEALTH SAVINGS ACCOUNT CONT. LIMITS	
Individual	\$3,450
Family	\$6,900
Catch up Provision	\$1,000

LONG-TERM CAPITAL GAINS RATE	
If taxable income falls below \$38,600 (single/married-filing separately), \$77,200 (joint), \$51,700 (head of household), \$2,600 (estates)	0%
If taxable income falls at or above \$38,600 (single/married-filing separately), \$77,200 (joint), \$51,700 (head of household), \$2,600 (estates)	15%
If income falls at or above \$425,800 (single), \$239,500 (married-filing separately), \$479,000 (joint), \$452,400 (head of household), \$12,700 (estates)	20%
Collectibles (coins, art, antiques)	28%
Unrecaptured gain on real estate	25%

ESTATE AND GIFT TAXES	
Estate Tax Exclusion Amt	\$11.2m
Gift Tax Exclusion Amt	\$15,000
Max Estate Tax Rate	40%
Max Generation Skip	40%

MILEAGE	
Business Mileage Rate	\$0.545
Medical and Moving Mileage Rate	\$0.180
Charitable Mileage Rate	\$0.140

BUSINESS DEDUCTIONS	
Section 179 expense deduction	\$1,000,000
Purchase limitation phase out begins	\$2,500,000
Bonus Depreciation of certain assets	100%

STATE & LOCAL TAX DEDUCTION	
Maximum Cap	\$10,000

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