

## RETIREMENT BENEFIT LIMITS

Benefit	Limit
Contributions to 401(k), 403(b), 457(b)(2), 457(c)(1) and SARSEP plans	\$ 18,500
Contributions to defined contribution plans	\$ 55,000
Contributions to SIMPLEs	\$ 12,500
Contributions to IRAs	\$ 5,500
Catch-up contributions to 401(k), 403(b), 457(b)(2), 457(c)(1) and SARSEP plans	\$ 6,000
Catch-up contributions to SIMPLEs	\$ 3,000
Catch-up contributions to IRAs	\$ 1,000
Compensation for benefit purposes for qualified plans and SEPs	\$275,000
Highly compensated employee threshold	\$120,000
Annual benefit for defined benefit plans	\$220,000

## LONG-TERM CARE INSURANCE

Age	Premium deduction limit
40 and under	\$ 420
41 to 50	\$ 780
51 to 60	\$1,560
61 to 70	\$4,160
Over 70	\$5,200

## EARNINGS THRESHOLDS FOR PHASEOUT OF SOCIAL SECURITY BENEFITS

Retirement age status	Earnings limit
Before Full Retirement Age (FRA)	\$17,040 per year
Pre-FRA in year you reach FRA	\$3,780 per month
FRA and after	None

## ESTATE AND TRUST INCOME TAX RATES

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$ 2,550	10%	\$ 0
\$2,551 – \$ 9,150	\$ 255.00 + 24%	\$ 2,550
\$9,151 – \$12,500	\$1,839.00 + 35%	\$ 9,150
Over \$12,500	\$3,011.50 + 37%	\$12,500

## GIFT AND ESTATE TAX EXEMPTIONS AND RATES

Exemption	Top rate
\$11,200,000 <sup>1</sup>	40%

A surviving spouse may be able to use the deceased spouse's unused estate tax exemption. The annual gift tax exclusion is \$15,000 per recipient (\$30,000 if spouses elect "split-gift" treatment).

<sup>1</sup> This amount is projected. As of this writing, the IRS hadn't yet released the 2018 inflation-adjusted amount.

## CORPORATE INCOME TAX RATES

C corporations are taxed at a flat 21% rate.

## NEW DEDUCTION FOR OWNERS OF PASS-THROUGH ENTITIES

20% of qualified business income.

When an owner's taxable income exceeds \$157,500 (\$315,000 for joint filers), the following limits are phased in over a \$50,000 range (\$100,000 range for joint filers):

- Deduction isn't available for income from specified service businesses.
- Deduction can't exceed the greater of the owner's share of:
  - 50% of the amount of W-2 wages paid to employees by the qualified business during the tax year, or
  - The sum of 25% of W-2 wages plus 2.5% of the cost of qualified property.

## SECTION 179 EXPENSING AND BONUS DEPRECIATION

Sec. 179 expensing limit	\$1,000,000
Sec. 179 phaseout threshold	\$2,500,000
Bonus depreciation limit	100%

## DEPRECIATION CLASSES AND METHODS

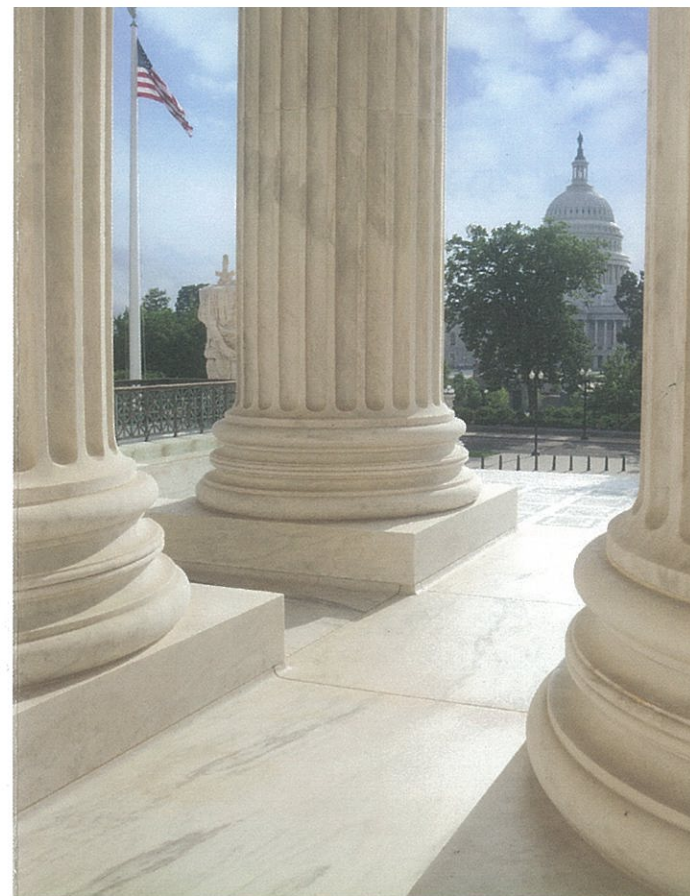
Class	Method	Examples
36-month	Straight-line	Software
3-year	200% DB <sup>1</sup>	Dies, molds, small tools
5-year	200% DB <sup>1</sup>	Vehicles, computers, office equipment
7-year	200% DB <sup>1</sup>	Manufacturing equipment, office furniture
7-year	150% DB <sup>1</sup>	Farm equipment
27.5-year	Straight-line	Rental residential buildings
39-year	Straight-line	Nonresidential buildings

<sup>1</sup> Declining-balance.

## MACRS DEPRECIATION RATES (with half-year convention)

Year	Asset class		
	3-year	5-year	7-year
1	33.33%	20.00%	14.29%
2	44.45%	32.00%	24.49%
3	14.81%	19.20%	17.49%
4	7.41%	11.52%	12.49%
5	—	11.52%	8.93%
6	—	5.76%	8.92%
7	—	—	8.93%
8	—	—	4.46%

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# 2018 Federal Tax Rates

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## INDIVIDUAL INCOME TAX RATES<sup>1</sup>

### Single

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$ 9,525	10%	\$ 0
\$ 9,526 – \$ 38,700	\$ 952.50 + 12%	\$ 9,525
\$ 38,701 – \$ 82,500	\$ 4,453.50 + 22%	\$ 38,700
\$ 82,501 – \$ 157,500	\$ 14,089.50 + 24%	\$ 82,500
\$ 157,501 – \$ 200,000	\$ 32,089.50 + 32%	\$ 157,500
\$ 200,001 – \$ 500,000	\$ 45,689.50 + 35%	\$ 200,000
Over \$ 500,000	\$ 150,689.50 + 37%	\$ 500,000

### Head of household

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$ 13,600	10%	\$ 0
\$ 13,601 – \$ 51,800	\$ 1,360.00 + 12%	\$ 13,600
\$ 51,801 – \$ 82,500	\$ 5,944.00 + 22%	\$ 51,800
\$ 82,501 – \$ 157,500	\$ 12,698.00 + 24%	\$ 82,500
\$ 157,501 – \$ 200,000	\$ 30,698.00 + 32%	\$ 157,500
\$ 200,001 – \$ 500,000	\$ 44,298.00 + 35%	\$ 200,000
Over \$ 500,000	\$ 149,298.00 + 37%	\$ 500,000

### Married filing jointly or surviving spouse

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$ 19,050	10%	\$ 0
\$ 19,051 – \$ 77,400	\$ 1,905.00 + 12%	\$ 19,050
\$ 77,401 – \$ 165,000	\$ 8,907.00 + 22%	\$ 77,400
\$ 165,001 – \$ 315,000	\$ 28,179.00 + 24%	\$ 165,000
\$ 315,001 – \$ 400,000	\$ 64,179.00 + 32%	\$ 315,000
\$ 400,001 – \$ 600,000	\$ 91,379.00 + 35%	\$ 400,000
Over \$ 600,000	\$ 161,379.00 + 37%	\$ 600,000

### Married filing separately

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$ 9,525	10%	\$ 0
\$ 9,526 – \$ 38,700	\$ 952.50 + 12%	\$ 9,525
\$ 38,701 – \$ 82,500	\$ 4,453.50 + 22%	\$ 38,700
\$ 82,501 – \$ 157,500	\$ 14,089.50 + 24%	\$ 82,500
\$ 157,501 – \$ 200,000	\$ 32,089.50 + 32%	\$ 157,500
\$ 200,001 – \$ 300,000	\$ 45,689.50 + 35%	\$ 200,000
Over \$ 300,000	\$ 80,689.50 + 37%	\$ 300,000

<sup>1</sup> These rates generally apply to earned income, business income, interest and nonqualified dividends. Long-term capital gains rates apply to qualified dividends.

## STANDARD DEDUCTIONS

Filing status	Deduction
Single	\$12,000
Head of household	\$18,000
Married filing jointly or surviving spouse	\$24,000
Married filing separately	\$12,000

## CAPITAL GAINS TAX RATES

Type of gain	Maximum rate <sup>1</sup>
Short-term gain (assets held 12 months or less)	37%
Long-term gain (generally assets held more than 12 months)	15% or 20% <sup>2</sup>
Long-term gain on collectibles	28%
Long-term gain attributable to certain depreciation recapture	25%
Gain on qualified small business stock held more than 5 years	14% <sup>3</sup>
Long-term gain that would be taxed at 12% or less based on the taxpayer's ordinary-income rate	0%

<sup>1</sup> The 3.8% net investment income tax applies to net investment income to the extent that modified adjusted gross income (MAGI) exceeds \$200,000 (singles and heads of households), \$250,000 (joint filers) or \$125,000 (separate filers).

<sup>2</sup> The 20% rate applies only to those with taxable income exceeding \$500,000 (singles), \$500,000 (heads of households), \$600,000 (joint filers) or \$300,000 (separate filers).

<sup>3</sup> Effective rate based on 50% exclusion from a 28% rate. If stock was acquired after February 17, 2009, and before September 28, 2010, the rate is 7% (75% exclusion from a 28% rate). If stock was acquired on or after September 28, 2010, the rate is 0%.

## ALTERNATIVE MINIMUM TAX

### Single, head of household, married filing jointly or surviving spouse

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$ 191,500	26%	\$ 0
Over \$ 191,500	\$ 49,790 + 28%	\$ 191,500

### Married filing separately

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$ 95,750	26%	\$ 0
Over \$ 95,750	\$ 24,895 + 28%	\$ 95,750

### Exemptions

Filing status	Exemption amount
Single or head of household	\$ 70,300
Married filing jointly	\$ 109,400
Married filing separately	\$ 54,700

### Exemption phaseouts based on AMT income

Filing status	Income range of phaseout
Single or head of household	\$ 500,000 – \$ 781,200
Married filing jointly	\$ 1,000,000 – \$ 1,437,600
Married filing separately	\$ 500,000 – \$ 718,800

## STANDARD MILEAGE RATES

Use of vehicle	Deduction per mile
Business	54.5 cents
Medical or moving	18 cents
Charitable	14 cents

## FICA RATES AND EXPANDED MEDICARE TAXES

The rate for the employee portion of Social Security tax is 6.2%, and the maximum earned income it applies to is \$128,400, while the Medicare rate is 1.45% and applies to all earned income.

Self-employed individuals pay both the employee and employer portions, but get a deduction for the employer portion.

Cash wages totaling \$2,100 or more to household employees are also subject to FICA taxes.

An additional 0.9% Medicare tax applies to FICA wages and self-employment income exceeding \$200,000 (singles and heads of households), \$250,000 (joint filers) or \$125,000 (separate filers).

## NEW ITEMIZED DEDUCTION LIMITS<sup>1</sup>

### State and local tax

Up to \$10,000 on a combined basis for property tax and either income tax or sales tax.

### Home mortgage interest

Acquisition debt of up to \$750,000. (This new limit is generally for indebtedness incurred after Dec. 15, 2017; a \$1 million limit still applies to indebtedness incurred on or before that date.)

No deduction for interest on home equity debt. (But, depending on the debt's use, it might qualify for another type of deduction.)

### Miscellaneous itemized deductions subject to the 2% floor

No longer deductible. (Examples include investment expenses, certain professional fees and unreimbursed employee business expenses.)

### Casualty and theft losses

No longer deductible except for losses due to an event officially declared a disaster by the President.

### Medical expenses

Unreimbursed medical expenses in excess of 7.5% of adjusted gross income are deductible. (The threshold is scheduled to return to 10% for 2019.)

<sup>1</sup> Additional rules and limits may affect these deductions.

## HEALTH SAVINGS ACCOUNTS

Limit	Individual	Family
Contribution	\$ 3,450	\$ 6,850
Catch-up contribution	\$ 1,000	\$ 1,000
Minimum high-deductible health plan (HDHP) deductible	\$ 1,350	\$ 2,700
Maximum HDHP out-of-pocket costs	\$ 6,650	\$ 13,300

## COVERDELL ESAs

Contribution limit per beneficiary: \$2,000

### Phaseouts based on contributor's MAGI

Filing status	MAGI range of phaseout
Single or head of household	\$ 95,000 – \$ 110,000
Married filing jointly	\$ 190,000 – \$ 220,000