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Tax Cuts & Jobs Act

Thank you for the opportunity to share an update on the new tax law provisions that will affect individuals. These changes will primarily be effective starting in 2018, but there are a few exceptions. This law provides simplification in a few areas by eliminating many tax provisions, but as you will see, there are also added complexities.

Minimizing taxes is all about planning ahead and knowing the rules, so we are here to help you with that!



The information contained herein is not intended to be used for avoiding federal, state or local tax provisions, promoting, marketing, or recommending to another party any transaction or

Tax Cuts & Jobs Act



Tax Brackets for 2017

For tax year 2017, marginal income tax brackets are adjusted slightly from the 2016 brackets because there has been little inflation. The lowest bracket is 10% and the highest is 39.6%.

Rate	Single	Married (Joint)	Head of Household
10%	\$0-\$9,325	\$0-\$18,650	\$0-\$13,350
15%	\$9,326-\$37,950	\$18,651-\$75,900	\$13,351-\$50,800
25%	\$37,951-\$91,900	\$75,900-\$153,100	\$50,801-\$131,200
28%	\$91,951-\$190,650	\$153,100-\$233,350	\$131,200-\$416,700
33%	\$190,651-\$416,700	\$233,350-\$416,700	\$212,500-\$416,700
35%	\$416,700-\$418,400	\$416,700-\$470,700	\$416,700-\$444,500
39.6%	\$418,400 and up	\$470,700 and up	\$444,501 and up

Tools & Links

Here are a few helpful links and tools to help you with the tax changes...

<http://www.fernandezfinancial.com/financial-calc#incomesection>

- ✓ Federal Income Tax Estimator
- ✓ Should I Adjust my payroll withholdings?
- ✓ Should I itemize or take standard deduction?
- ✓ 2017 Tax Refund Estimator

<https://www.irs.gov/>

Individual Changes for 2018...

The legislation replaces most of the seven current marginal income tax brackets (10%, 15%, 25%, 28%, 33%, 35%, and 39.6%) with corresponding lower rates: 10%, 12%, 22%, 24%, 32%, 35%, and 37%. The legislation also establishes new marginal income tax brackets for estates and trusts, and replaces existing "kiddie tax" provisions (under which a child's unearned income is taxed at his or her parents' tax rate) by effectively taxing a child's unearned income using the estate and trust rates.

The Basic Changes

Here is an overall summary of the individual changes:

-**Tax brackets:** The number of tax brackets did not change. For all income ranges the new tax rate is the same or lower with the new law.

- The **standard deductions** nearly doubled in amount. For 2018, the amounts are \$12,000 for single, \$18,000 for head of household, and \$24,000 for married couples.

-**Personal exemptions** are suspended.

-The **child tax credit** was increased to \$2,000 and there is also a new \$500 credit for dependents that do not meet the child credit requirements, but are able to meet the dependency.

