



## LAST MINUTE Y/E TAX MOVES & TAX REFORM HIGHLIGHTS

With Tax Reform on the horizon, we wanted to outline some last minute tax moves to be considered before year-end and highlight some changes. When the final bill is approved, we will provide a more comprehensive guide on the changes and how it impacts you. We encourage you to speak with your tax advisor before implementing any of these strategies.

### 1) Pay your 2017 state income tax in full

With the state and local income tax deduction being capped at \$10,000, you may want to make sure you've paid every penny of your 2017 state and local tax bill before December 31. This allows you to take advantage of the deduction this year. If you're subject to AMT, you can't deduct state and local taxes so there is no benefit to paying those bills early.

Taxpayers who make estimated tax payments have until January 15 to pay their 4th quarter 2017 taxes, but you could save more by making that final payment before the end of the year.

### 2) Prepay your property taxes for next year

Current law allows you to write off the full amount of property taxes. If you are subject to AMT, you may not be able to fully utilize this deduction, especially for high income earners.

The new proposal has a deduction cap of \$10,000, so if your property tax bill is greater than this amount, you'll be able to deduct more of it by paying next year's bill early.

Also, the full amount of your current property tax bill in 2017 might provide a larger tax benefit if your tax rate goes down next year under the new plan.

### 3) Contribute to charities or a donor advised fund

December is the season of giving. But if the holiday spirit is not enough to inspire you to donate, then there is also a tax incentive.

If you think your itemized deductions next year might not exceed the proposed new higher standard deduction, you might want to think about making your 2018 charitable contributions this year. You may want to accelerate your generosity in 2017 because those deductions will be less valuable if you find yourself in a lower tax bracket next year.

### 4) Defer Income if you expect to be in a lower bracket

INCOME TAX RATE		INCOME LEVELS for FILING AS:	
Current	Tax Bill	Single	Married-Joint
10%	10%	\$0-\$9,525	\$0-\$19,050
15%	12%	\$9,525 - \$38,700	\$19,050 - \$77,400
25%	22%	\$38,700 - \$82,500	\$77,400 - \$165,000
28%	24%	\$82,500 - \$157,500	\$165,000 - \$315,000
33%	32%	\$157,500 - \$200,000	\$315,000 - \$400,000
33%-35%	35%	\$200,000 - \$500,000	\$400,000 - \$600,000
40%	37%	\$500,000 plus	\$600,000 plus

Source: [www.wayandmeans.house.gov](http://www.wayandmeans.house.gov)

### Other Highlights:

- Federal Estate Tax Exemption has doubled (a couple can shield \$22.4 million as of 1/1/18)
- Increase in standard deduction to \$12,000 for individuals and \$24,000 for married
- Expanding Child Tax Credit from \$1,000 to \$2,000
- For new mortgages, home interest deduction will be available up to \$750,000
- Families will now be able to withdraw up to \$10,000 per year tax-free for elementary, high school or homeschool expenses from 529 plans
- Increases exemption amounts for AMT to reduce complexity
- Eliminates Obamacare's individual mandate penalty tax

### Planning for 2018

Once the tax bill is approved, we will be in touch to let you know how these changes specifically effect your financial situation.

Please feel welcome to contact us with any questions regarding the above-mentioned strategies.

Wishing you and your family a Happy Holiday Season!

Warmly,

Your Sandy Cove Advisors Team