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Bloomberg BNA opened a window onto next year's tax planning landscape with the release of its 2018 Projected Tax Rates, a detailed and comprehensive projection of inflation-adjusted tax items based on changes in the consumer price index (CPI),

which were released today by the U.S. Bureau of Labor Statistics. The projections

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time, our projections help taxpayers and tax planners get a jump start on the 2018 tax planning season by allowing them to more accurately estimate their tax liabilities for the upcoming year,” said George Farrah, Bloomberg BNA Tax & Accounting Editorial Director. “As part of their 2017 year-end review, taxpayers should evaluate their wealth transfer strategies to fully utilize the higher exclusion in 2018. Many taxpayers will slip into a lower tax rate in 2018 because of increases in the tax brackets. The standard deduction and personal exemption amounts will also increase, offering tax relief to many taxpayers due to inflation.”

The Internal Revenue Service is expected to publish its official statement of 2018 inflation-adjusted amounts in a revenue procedure later this year.

### **Retirement Savings Accounts**

Traditional and Roth IRAs provide tax advantages for retirement savings. Contributions to a traditional IRA are deductible in the year made, and distributions are taxed. Contributions to a Roth IRA, on the other hand, are not deductible but distributions are received free of tax. For 2018, Bloomberg BNA projects the maximum contribution limit for traditional and Roth IRAs to be \$5,500 for individuals under age 50 and \$6,500 for individuals age 50 and above. Projected amounts for other savings vehicles are included in the full report.

### **Individual Income Tax Brackets**

Because a higher Consumer Price Index (CPI) pushes the ranges of the income brackets upward and also increases the standard deduction and exemption amounts, the taxes due on the same income decrease from year to year. For example, suppose married taxpayers filing jointly compute tax on \$237,000. In 2017, they were in the 33% bracket and paid \$53,427 in tax. In 2018, the brackets are adjusted for inflation,

and our taxpayers are now in the lower 28% bracket and will pay \$52,983 in tax,

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### *Married Filing Jointly and Surviving Spouses*

If Taxable Income Is:	The Tax Is:
Not Over <b>\$19,050</b>	10% of the taxable income
Over <b>\$19,050</b> but not over <b>\$77,400</b>	<b>\$1,905</b> plus 15% of excess over <b>\$19,050</b>
Over <b>\$77,400</b> but not over <b>\$156,150</b>	<b>\$10,657.50</b> plus 25% of excess over <b>\$77,400</b>
Over <b>\$156,150</b> but not over <b>\$237,950</b>	<b>\$30,345</b> plus 28% of excess over <b>\$156,150</b>
Over <b>\$237,950</b> but not over <b>\$424,950</b>	<b>\$53,249</b> plus 33% of excess over <b>\$237,950</b>
Over <b>\$424,950</b> but not over <b>\$480,050</b>	<b>\$114,959</b> plus 35% of excess over <b>\$424,950</b>
Over <b>\$480,050</b>	<b>\$134,244</b> plus 39.6% of excess over <b>\$480,050</b>

### *Unmarried Individuals (other than Surviving Spouses and Heads of Households)*

If Taxable Income Is:	The Tax Is:
Not Over <b>\$9,525</b>	10% of the taxable income

Over \$9,525 but not over \$38,700      \$952.50 plus 15% of excess over \$9,525

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Over \$424,950 but not over \$426,700      \$123,303.75 plus 35% of excess over \$424,950

Over \$426,700      \$123,916.25 plus 39.6% of excess over \$426,700

### Personal Exemption and Standard Deduction

Most taxpayers are entitled to claim a personal exemption for each member of their household. For 2018, the personal exemption amount is projected to increase slightly from \$4,050 to \$4,150. The personal exemption is phased out for high-income taxpayers. The projected phase-out levels are available in the full report.

When calculating their deductions, taxpayers may choose to take the higher of their itemized deductions or the standard deduction. The standard deduction amount varies depending on filing status. The standard deduction amounts for 2018 are projected to increase slightly from 2017.

Filing Status	Standard Deduction
Married Filing Jointly/Surviving Spouses	\$13,000
Heads of Household	\$9,550
All Other Taxpayers	\$6,500

### Alternative Minimum Tax (AMT)

For some taxpayers, inflation adjustments make the difference between having to pay AMT or not. The AMT exemptions are projected for 2018 as shown below.

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Estates and Trusts

**\$24,600**

## **Estate and Gift Tax Exclusions**

Bloomberg BNA projects that the estate tax basic exclusion for decedents dying in 2018 will be \$5.6 million. The exclusion amount was \$5.49 million in 2017. The annual gift tax exclusion is projected to increase from \$14,000 to \$15,000 in 2018.

The 2018 projections of inflation-adjusted tax amounts are just one of the value-added features Bloomberg BNA provides taxpayers and the professionals that serve them.

Benefits • Taxes

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