

TAX CUTS AND JOBS ACT FOR INDIVIDUALS

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Introduction

- December 20, 2017 - Congress passed the Tax Cut and Jobs Act (TCJA)
- December 22, 2017 - President Trump signed it into law
- The tax changes are permanent for businesses but temporary for individuals expiring after 2025 and returning to where they were in 2017.

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Introduction

Today!

- Analysis of **individual** tax changes and planning going forward
 - Double the Standard Deduction
 - Changes to Itemized Deductions
 - Reduction of Income Tax Rates
 - AMT Exemption and Phase-out Increased
 - 529 Plans after tax reform
 - Other Provisions

Tomorrow!

- Overview of taxation of **business** entities
 - Corporate Tax reduced to 21%
 - AMT Repealed
 - 199A Deduction
 - Other Provisions

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Overview

1. What are the changes to your individual return?
2. What do these changes mean for taxpayers across the board?
3. What will my 2018 return look like? – DRAFT
4. What about my Oklahoma tax return?

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Overview of Key Individual Tax Reforms

Individual Rates	Overall rates decreased; 7 brackets retained
Personal Exemptions	Suspended
Standard Deduction	Relatively doubled
SALT Deduction	Limited to \$10,000 in property and state/local income taxes (only applies to itemized deductions – Schedule A)
Mortgage Interest Deduction	Limited to interest on up to \$750,000 of acquisition indebtedness; Repeals deduction for home equity indebtedness
Pease Limitation	Suspended
AMT	Exemption increased; Exemption phaseout thresholds substantially increased
Child/Family Credit	Increased

Individual provisions sunset December 31, 2025

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Individual Income Tax Rates

2017 TOP OF EACH BRACKET

	Single	MFJ/QW	MFS	HOH	T&E	CAPITAL GAINS
2017	10%	\$ 9,325	\$ 18,650	\$ 9,325	\$ 13,350	0%
	15%	\$ 37,950	\$ 75,900	\$ 37,950	\$ 50,800 \$ 2,550	
	25%	\$ 91,900	\$ 153,100	\$ 76,550	\$ 131,200 \$ 6,000	15%
	28%	\$ 191,650	\$ 233,350	\$ 116,675	\$ 212,500 \$ 9,150	
	33%	\$ 416,700	\$ 416,700	\$ 208,350	\$ 416,700 \$ 12,500	
	35%	\$ 418,400	\$ 470,700	\$ 235,350	\$ 444,500	
	39.6%					20%

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Individual Income Tax Rates

2018 TOP OF EACH BRACKET

	Single	MFJ/QW	MFS	HOH	T&E
10%	\$ 9,525	\$ 19,050	\$ 9,525	\$ 13,600	\$ 2,550
12%	\$ 38,700	\$ 77,400	\$ 38,700	\$ 51,800	-
22%	\$ 82,500	\$ 165,000	\$ 82,500	\$ 82,500	-
24%	\$ 157,500	\$ 315,000	\$ 157,500	\$ 157,500	\$ 9,150
32%	\$ 200,000	\$ 400,000	\$ 200,000	\$ 200,000	-
35%	\$ 500,000	\$ 600,000	\$ 500,000	\$ 500,000	\$ 12,500
37%					

2018

2018 TOP OF EACH CAPITAL GAINS BRACKET

	Single	MFJ/QW	MFS	HOH	T&E
0%	\$ 45,000	\$ 77,200	\$ 38,600	\$ 51,700	\$2,600
15%	\$425,800	\$479,000	\$239,500	\$452,400	\$12,700
20%					

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Personal Exemptions for Taxpayer, Spouse, and Dependents Suspended

Deduction for personal exemptions are suspended for tax years 2018 - 2025.

Exemptions are reduced to zero.

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Standard Deduction is Almost Doubled, Inflation Adjustment is Modified

For tax years 2018 – 2025, the Standard Deduction is increased:

- For joint filers and surviving spouses from \$12,700 to \$24,000;
- For Head of Household from \$9,350 to \$18,000;
- For singles and married filing separately from \$6,350 to \$12,000.
- The additional standard deduction for the elderly & blind is unchanged at \$1,300.

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Itemized Deduction is Limited to \$10,000 for SALT-Combined State/Local Property

The deduction of state and local income, sales, and property taxes for any tax year is limited to \$10,000 MFJ (\$5,000 MFS).

The \$10,000 rule does not apply to such taxes if these taxes are paid or accrued in carrying on a trade or business. So if these taxes are paid on a individual's Schedules C, E or F, they are deductible.

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Mortgage Interest Deduction on Acquisition Debt is Lowered and Deduction for Home Equity Interest is Suspended

For tax years 2018 – 2025, the TCJA modifies the mortgage interest deduction rules:

- Maximum acquisition debt is limited to \$750,000 from the previous amount of \$1,000,000. However, debt incurred before December 15, 2017 is not subject to the new rules and the debt limit will remain at \$1,000,000.
- After 2025, \$1,000,000 acquisition debt limit applies regardless of when debt is incurred.
- Home equity interest is suspended – except for loans used to buy, build, or substantially improve the taxpayer's home that secures the loan *regardless of when the debt is incurred*.

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Limit on an Individual Contribution of Cash to a Charitable Organization Increased

For years 2018-2025, the deductions of cash contributions by individuals to charities increase from 50% to 60% AGI.

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Charitable Deduction is Denied for Athletic Event Seating Rights

OLD RULE: If a taxpayer made a payment to or for the benefit of a college that would have been allowable as a charitable deduction but for the fact that the taxpayer received the right to buy tickets for seating at an athletic event in the institution's athletic stadium, 80% of the payment was treated as a charitable contribution.

NEW RULE: Under new TCJA, no charitable deduction is allowed for a payment to a college or university in exchange for which the contributor receives the right to purchase tickets or seating at an athletic event.

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Miscellaneous Itemized Deductions are Disallowed

Those Miscellaneous Itemized Deductions to which the 2%-of-AGI floor applied included the following:

- Unreimbursed employee business expenses.
- Investment expenses and expenses for the production or collection of income.
- Tax preparation expenses.

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Miscellaneous Itemized Deductions Allowed

Certain other miscellaneous deductions are not subject to the 2%-of-AGI floor and are reported on line 28 of Schedule A (Form 1040) including:

- amortizable bond premiums
- gambling losses

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Gambling Loss Limitation is Broadened

The TCJA provides that for tax years 2018 – 2025 for the purposes of the limit on wagering losses, the term “losses from wagering transactions” includes all deductions for expenses incurred in carrying out wagering transactions, and not just gambling losses, are limited to the extent of gambling winnings.

This includes travel expenses or fees, to the extent those expenses do not exceed gambling winnings.

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Moving Expense Deduction Eliminated, Except for Certain Armed Forces Members

The TCJA suspends the moving expense deduction for years 2018-2025.

- Except for members of the Armed Forces on active duty.

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Alternative Minimum Tax (AMT) Exemption Amounts For Individuals Increased

For tax years 2018 – 2025, the TCJA increases the statutory AMT exemption amounts:

- For married filing jointly/surviving spouses increases to \$109,400 from \$78,750
- For married filing separately increases to \$54,700 from \$39,375
- For other unmarrieds increases to \$70,300 from \$50,600

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AMT Amounts Continued

The statutory AMTI threshold amounts for phase-out of the exemption amounts are:

- For marrieds filing jointly/surviving spouses increases to \$1,000,000 from \$150,000
- For marrieds filing separately increases to \$500,000 from \$75,000
- For other unmarrieds increases to \$500,000 from \$112,500

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Child Tax Credit is Increased and Expanded

For Tax Years 2018 – 2025:

- TCJA increases the child tax credit from \$1,000 to \$2,000 (\$1,400 of which is refundable).
- The phase-out for the applicable years begins with \$400,000 for a joint return and \$200,000 for all other returns.

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New Credit for Other Dependents Not Eligible for the Child Tax Credit

Expanded:

- A \$500 nonrefundable credit is available for each dependent who cannot be claimed for the child tax credit.

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Kiddie Tax Modifications

- The kiddie tax applies to investment income of children under age 19 or, if a full time student, age 24.
- Under the new law, the child's tax will no longer be affected by the tax situation of the child's parent or the unearned income of any siblings.
- The kiddie tax effectively applies trust and estate (T&E) ordinary and capital gains tax rates to the net "UNEARNED income" of a child.
- The child's taxable income attributable to EARNED income is taxed according to an unmarried taxpayer's (Single) tax brackets and rates.
- Investment earnings in excess of \$2,100 will be taxed at the rates that apply to trusts and estates (old rule: taxed at the parents' rate).

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Kiddie Tax Modifications - continued

- Here the rates for 2018:

\$1 to \$2,550	10%
\$2,551-\$9,150	24%
\$9,151-\$12,500	35%
Over \$12,500	37%

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Alimony Won't be Deductible by the Payor or Includible by the Recipient for Post-2018 Divorce or Separation Instruments

For divorce or separation instruments executed after Dec. 31, 2018, the TCJA will not allow the deduction for the payments of alimony or the inclusion in gross income for receipt of alimony payments.

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Shared Responsibility Payment Requirement Eliminated after 2018

Under the Affordable Care Act, non-exempt individuals had to either see that they and any of their dependents had minimum essential health coverage for the month or pay a monthly shared responsibility payment.

The TCJA eliminates the shared responsibility payment by reducing the calculation to zero beginning in 2019.

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529 Plan Account Funds May be Used for Elementary or Secondary School Tuition

- Under the TCJA, the amount of cash distributions from all 529 plans with respect of a beneficiary during any tax year are capped at \$10,000.
- The limitation applies on a per-student basis, rather than a per-account basis. An individual may receive a maximum of \$10,000 in tax free distributions for elementary or secondary school tuition, regardless of whether the funds are distributed from multiple accounts. Any excess distributions received would be treated as a distribution subject to tax under the general rules of Code Sec 529.

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What does this mean?

Table 5.—Estimated Distribution of Taxpayers Who Elect to Itemize Deductions

Income Category [1]	Returns (Thousands) [2]			
	2017	2018	2024	2026
Less than \$10,000.....	178	65	80	264
\$10,000 to \$20,000.....	517	154	149	611
\$20,000 to \$30,000.....	933	237	255	1,038
\$30,000 to \$40,000.....	1,595	410	460	1,765
\$40,000 to \$50,000.....	2,222	635	698	2,330
\$50,000 to \$75,000.....	6,683	2,136	2,495	7,354
\$75,000 to \$100,000.....	6,622	2,442	2,850	7,567
\$100,000 to \$200,000.....	17,959	6,513	7,732	21,467
\$200,000 to \$500,000.....	8,207	4,185	4,940	9,937
\$500,000 to \$1,000,000.....	1,089	791	878	1,296
\$1,000,000 and over.....	509	444	472	592
Total, All Taxpayers.....	46,514	18,012	21,009	54,221

[1] The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: (1) tax-exempt interest, (2) employer contributions for health plans and life insurance, (3) employer share of FICA tax, (4) worker's compensation, (5) nontaxable Social Security benefits, (6) insurance value of Medicare benefits, (7) alternative minimum tax preference items, (8) individual share of business taxes, and (9) excluded income of U.S. citizens living abroad. Categories are measured at 2018 levels.

[2] Includes nonfilers, excludes dependent filers and returns with negative income.

Source: Joint Committee on Taxation staff estimates.

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Individual Example - simple

	MFJ	
	2017	TCJA 2018
AGI	\$ 185,000	\$ 185,000
Itemized Deduction	(17,339)	0
Standard Deduction	0	(24,000)
Taxable Income	167,661	161,000
Tax	30,428	27,299
Child Care Credit	(600)	(600)
Child Tax Credit	0	(2,000)
Withholding	(28,961)	(28,961)
Tax Due/(Refund)	\$ 867	\$ (4,262)

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199A – 20% Qualified Business Income Deduction

Starting in 2018, taxpayers are allowed a deduction equal to 20 percent of “qualified business income,” otherwise known as “pass-through” income, i.e., income from partnerships, S corporations, LLCs, and sole proprietorships.

Steve will elaborate on this tomorrow.

Federal Individual Return - DRAFT

Form 1040 Department of the Treasury—Internal Revenue Service (99) **2018** OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space

Filing status: Single Married filing jointly Married filing separately Head of household Qualifying widow(er)

Your first name and initial: _____ Last name: _____ Your social security number: _____

Your standard deduction: Someone can claim you as a dependent You were born before January 2, 1954 You are blind

If joint return, spouse's first name and initial: _____ Last name: _____ Spouse's social security number: _____

Spouse standard deduction: Someone can claim your spouse as a dependent Spouse was born before January 2, 1954 Full-year health care coverage or exempt (see inst.)

Spouse is blind Spouse itemizes on a separate return or you were dual-status alien

Home address (number and street). If you have a P.O. box, see instructions. Apt. no. Presidential Election Campaign (see inst.) You Spouse

City, town or post office, state, and ZIP code. If you have a foreign address, attach Schedule 6. If more than four dependents, see inst. and check here

Dependents (see instructions):		(2) Social security number	(3) Relationship to you	(4) If qualifies for (see inst.):
(1) First name	Last name			Child tax credit

Sign Here Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature: _____ Date: _____ Your occupation: _____

Spouse's signature. If a joint return, both must sign. Date: _____ Spouse's occupation: _____

Paid Preparer Use Only Preparer's name: _____ Preparer's signature: _____ PTIN: _____ Firm's EIN: _____

Firm's name: _____ Phone no.: _____

Firm's address: _____

Check if: 3rd Party Designee Self-employed

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form **1040** (2018)

Form 1040 (2018) Page 2

Attach Form(s) W-2. Also attach Form(s) W-2G and 1099-R if tax was withheld.

1	Wages, salaries, tips, etc. Attach Form(s) W-2	1	
2a	Tax-exempt interest	2a	
3a	Qualified dividends	3a	
4a	IRAs, pensions, and annuities	4a	
5a	Social security benefits	5a	
6	Total income. Add lines 1 through 5. Add any amount from Schedule 1, line 22	6	
7	Adjusted gross income. If you have no adjustments to income, enter the amount from line 6; otherwise, subtract Schedule 1, line 26, from line 6	7	
8	Standard deduction or itemized deductions (from Schedule A)	8	
9	Qualified business income deduction (see instructions)	9	
10	Taxable income. Subtract lines 8 and 9 from line 7. If zero or less, enter 0	10	
11	a Tax (see instructions) (check if any from: 1 Form 9814 2 Form 4972 3 Form 9812) b Add any amount from Schedule 2 and check here	11	
12	a Child tax credit (see instructions) b Add any amount from Schedule 3 and check here	12	
13	Subtract line 12 from line 11. If zero or less, enter 0	13	
14	Other taxes. Attach Schedule A	14	
15	Total tax. Add lines 13 and 14	15	
16	Federal income tax withheld from Forms W-2 and 1099	16	
17	Refundable credits: a EIC (see instructions) b Sch 3212 c Form 8850	17	
18	Add lines 16 and 17. These are your total payments	18	
19	If line 18 is more than line 15, subtract line 15 from line 18. This is the amount you overpaid	19	
20a	Amount of line 19 you want refunded to you. If Form 8888 is attached, check here	20a	
20b	Direct deposit? a Routing number b Account number c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings	20b	
21	Amount of line 19 you want applied to your 2019 estimated tax	21	
22	Amount you owe. Subtract line 19 from line 15. For details on how to pay, see instructions	22	
23	Estimated tax penalty (see instructions)	23	

Go to www.irs.gov/Form1040 for instructions and the latest information.

Form 1040 (2018)

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SCHEDULE A (Form 1040) Itemized Deductions

Department of the Treasury Internal Revenue Service (IRS) OMB No. 1545-0045

Go to www.irs.gov/ScheduleA for instructions and the latest information. Attach to Form 1040. Caution: If you are claiming a net qualified disaster loss on Form 4684, see the instructions for line 18.

18 Alternative Minimum Tax Exemption 07 Supplemental Security Income

Medical and Dental Expenses

Caution: Do not include expenses reimbursed or paid by others.

1 Medical and dental expenses (see instructions)

2 Enter amount from Form 1040, line 7

3 Multiple employer health plan (see instructions)

4 Subtract line 3 from line 2. If line 3 is more than line 2, enter 0

Taxes You Paid

5 State and local income taxes or general sales taxes. You may include other income taxes or general sales taxes on line 5a, but not both. If you qualify to include general sales taxes instead of income taxes, check this box

6 State and local real estate taxes (see instructions)

7 State and local personal property taxes

8 Add lines 5a through 7c

9 Enter individual of line 8d or 10,000 (see instructions) and file separately

10 Other taxes. List type and amount

Interest You Paid

11 Home mortgage interest and points. If you don't use all of your home mortgage loan(s) to buy, build, or improve your home, see instructions and check this box

12 Home mortgage interest and points reported to you on Form 1098

13 Home mortgage interest not reported to you on Form 1098, if paid to the person from whom you bought the home, see instructions and show that person's name, identifying no., and address

14 Points not reported to you on Form 1098. See instructions for special rules

15 Reserved

16 Add lines 12 through 15

17 Investment interest. Attach Form 4952 if required. See instructions

18 Add lines 16 and 17

Gifts to Charity

19 Gifts by cash or check. If you made any gift of \$250 or more, see instructions

20 Other than by cash or check. If any gift of \$250 or more, see instructions. You must attach Form 4283 if over \$500

21 Carryover from prior year

22 Add lines 19 through 21

Casualty and Theft Losses

23 Casualty and theft losses from a federally declared disaster (other than net qualified disaster losses). Attach Form 4684 and enter the amount from line 18 of that form. See instructions

Other Itemized Deductions

24 Other (from list in instructions). List type and amount

Total Itemized Deductions

25 Add the amounts in the far right column for lines 4 through 24. Also, enter this amount on Form 1040, line 8

26 If you elect to itemize deductions even though they are less than your standard deduction, check here

For Paperwork Reduction Act Notice, see the Instructions for Form 1040. See Form 17745D Schedule A Form 1040 2018

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SCHEDULE 1
(Form 1040)

Additional Income and Adjustments to Income

Department of the Treasury Internal Revenue Service

► Attach to Form 1040.
► Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074
2018
Attachment Sequence No. **01**

Name(s) shown on Form 1040 _____ Your social security number _____

Additional Income	1-9b	Reserved	1-9b	
10		Taxable refunds, credits, or offsets of state and local income taxes	10	
11		Alimony received	11	
12		Business income or (loss). Attach Schedule C or C-EZ	12	
13		Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	13	
14		Other gains or (losses). Attach Form 4797	14	
15a		Reserved	15b	
16a		Reserved	16b	
17		Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	
18		Farm income or (loss). Attach Schedule F	18	
19		Unemployment compensation	19	
20a		Reserved	20b	
21		Other income. List type and amount	21	
22		Combine the amounts in the far right column. If you don't have any adjustments to income, enter here and include on Form 1040, line 6. Otherwise, go to line 23	22	
Adjustments to income		23		
23		Educator expenses	23	
24		Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	24	
25		Health savings account deduction. Attach Form 8889	25	
26		Moving expenses for members of the Armed Forces. Attach Form 3903	26	
27		Deductible part of self-employment tax. Attach Schedule SE	27	
28		Self-employed SEP, SIMPLE, and qualified plans	28	
29		Self-employed health insurance deduction	29	
30		Penalty on early withdrawal of savings	30	
31a		Alimony paid	31a	
		b Recipient's SSN	31b	
32		IRA deduction	32	
33		Student loan interest deduction	33	
34		Reserved	34	
35		Reserved	35	
36		Add lines 23 through 35	36	

For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 71479F Schedule 1 (Form 1040) 2018

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SCHEDULE 2
(Form 1040)

Tax

Department of the Treasury Internal Revenue Service

► Attach to Form 1040.
► Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074
2018
Attachment Sequence No. **02**

Name(s) shown on Form 1040 _____ Your social security number _____

Tax	38-44	Reserved	38-44	
45		Alternative minimum tax. Attach Form 6251	45	
46		Excess advance premium tax credit repayment. Attach Form 8962	46	
47		Add the amounts in the far right column. Enter here and include on Form 1040, line 11	47	

For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 71478U Schedule 2 (Form 1040) 2018

July 31, 2018
DO NOT FILE

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SCHEDULE 3
(Form 1040)

Nonrefundable Credits

OMB No. 1545-0074

2018
Attachment
Sequence No. **03**

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1040.
▶ Go to www.irs.gov/Form1040 for instructions and the latest information.

Name(s) shown on Form 1040

Your social security number

Nonrefundable Credits			
48	Foreign tax credit. Attach Form 1116 if required.	48	
49	Credit for child and dependent care expenses. Attach Form 2441.	49	
50	Education credits from Form 8863, line 19.	50	
51	Retirement savings contributions credit. Attach Form 8880.	51	
52	Reserved.	52	
53	Residential energy credit. Attach Form 5695.	53	
54	Other credits from Form a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	54	
55	Add the amounts in the far right column. Enter here and include on Form 1040, line 12.	55	

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 71480G

Schedule 3 (Form 1040) 2018

START AS OF
July 31, 2018
DO NOT FILE

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SCHEDULE 4
(Form 1040)

Other Taxes

OMB No. 1545-0074

2018
Attachment
Sequence No. **04**

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1040.
▶ Go to www.irs.gov/Form1040 for instructions and the latest information.

Name(s) shown on Form 1040

Your social security number

Other Taxes			
57	Self-employment tax. Attach Schedule SE.	57	
58	Unreported social security and Medicare tax from: Form a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	58	
59	Additional tax on IRAs, other qualified retirement plans, and other tax-favored accounts. Attach Form 5329 if required.	59	
60a	Household employment taxes. Attach Schedule H.	60a	
60b	Repayment of first-time homebuyer credit from Form 5405. Attach Form 5405 if required.	60b	
61	Health care: individual responsibility (see instructions).	61	
62	Taxes from: a <input type="checkbox"/> Form 8959 b <input type="checkbox"/> Form 8960 c <input type="checkbox"/> Instructions; enter code(s)	62	
63	Section 965 net tax liability installment from Form 965-A	63	
64	Add the amounts in the far right column. These are your total other taxes . Enter here and on Form 1040, line 14.	64	

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 71481R

Schedule 4 (Form 1040) 2018

START AS OF
July 31, 2018
DO NOT FILE

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SCHEDULE 5
(Form 1040)

Other Payments and Refundable Credits

OMB No. 1545-0074

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1040.

2018

▶ Go to www.irs.gov/Form1040 for instructions and the latest information.

Attachment
Sequence No. **05**

Name(s) shown on Form 1040

Your social security number

Other	65	Reserved	65	
Payments	66	2018 estimated tax payments and amount applied from 2017 return	66	
and	67a	Reserved	67a	
Refundable	b	Reserved	67b	
Credits	68-69	Reserved	68-69	
	70	Net premium tax credit. Attach Form 8962	70	
	71	Amount paid with request for extension to file (see instructions)	71	
	72	Excess social security and tier 1 RRTA tax withheld	72	
	73	Credit for federal tax on fuels. Attach Form 4136	73	
	74	Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> Reserved c <input type="checkbox"/> 8885 d <input type="checkbox"/>	74	
	75	Add the amounts in the far right column. These are your total other payments and refundable credits . Enter here and include on Form 1040, line 17.	75	

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 71482C

Schedule 5 (Form 1040) 2018

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Oklahoma State Income Tax Changes Relative to TCJA Changes

- Oklahoma maintains a \$1,000 exemption per individual.
- Oklahoma standard deduction is still \$12,700 MFJ (\$6,350 Single).
- Oklahoma caps certain itemized deductions at \$17,000. Charitable contributions and medical expenses deductible for federal income tax purposes will not be subject to the Oklahoma \$17,000 cap.

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Oklahoma continued

- NEW - Form OK-W-4
- The Oklahoma Tax Commission has an Oklahoma-specific withholding certificate in response to changes in federal tax law.
- Historically, the OTC used the IRS form W-4; however, with the implementation of the Federal Tax Cuts and Jobs Act, a state-specific form will best suit the needs of taxpayers. This new form, the OK-W-4, will allow employees to make changes to their Oklahoma withholding for 2018.
- Any employees who wish to make changes to their Oklahoma withholding should complete the OK-W-4 and file it with their employer.

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THANK YOU!

www.milamcpa.tax

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