

# Highlights of tax changes for 2017

## 1. Tax Day is April 17, 2018.

Under federal law, the tax deadline gets extended when it falls on a holiday or weekend. Due to April 15 being on a Sunday and the Washington D.C. Emancipation Day holiday being observed on April 16 instead of April 15, 2018, Tax Day is on the following Tuesday or April 17, 2018.

## 2. Tax penalties related to Obamacare are in effect for 2017.

The Affordable Care Act imposed penalties for those not having qualifying health care coverage. Those penalties started at \$95 per adult, or 1% of income above the filing threshold in 2014. For tax year 2017, the penalty is 2.5% of your total household adjusted gross income, or \$695 per adult and \$347.50 per child, up to a maximum of \$2,085.

## 3. Standard deductions are going up.

The low inflation rate caused the standard deductions for most taxpayers in 2017 to rise slightly, including the single (6,300 to 6,350), married filing jointly (12,600 to 12,700), and married filing separately (6,300 to 6,350) statuses. For those who qualify as heads of household, the standard deduction will rise \$50 to \$9,350 in 2017.

## 4. Personal exemptions remain the same as last year.

The personal exemption that taxpayers are entitled to take on their tax returns will remain the same as 2016. That will give everyone an exemption amount of \$4,050.

## 5. Medical expense deduction

Taxpayers who are over age 65 will have an increase in the percentage of adjusted gross income they will have to exclude from their actual expenses before they can take a deduction for medical expenses. In 2016 the percentage was 7.5%. This year it will be 10% like all other age groups.

## 6. Standard mileage rates

The standard mileage rates for 2017 were:

- 53.5 cents for business, down from 54 cents in 2016
- 17 cents for medical or moving, down from 19 cents in 2016
- 14 cents per mile driven in service of charitable organizations

## 7. Tuition and fees

This cost is no longer deductible. You can still take the American Opportunity and Lifetime Learning credits.

## 8. IRA Contribution Limits Unchanged

The IRA contribution limit remains at \$5,500 with an additional \$1,000 catch up contribution for those over 50.