**Abstract:** The Tax Cuts and Jobs Act made many changes to tax breaks for individuals. This article looks at some specific areas to review as one lays the groundwork for filing a 2018 tax return: personal exemptions, the standard deduction and the child credit.

**Laying the groundwork for your 2018 tax return**

The Tax Cuts and Jobs Act (TCJA) made many changes to tax breaks for individuals. Let’s look at some specific areas to review as you lay the groundwork for filing your 2018 return.

**Personal exemptions**

For 2018 through 2025, the TCJA suspends personal exemptions. This will substantially increase taxable income for large families. However, enhancements to the standard deduction and child credit, combined with lower tax rates, might mitigate this increase.

**Standard deduction**

Taxpayers can choose to itemize certain deductions on Schedule A or take the standard deduction based on their filing status instead. Itemizing deductions when the total will be larger than the standard deduction saves tax, but it makes filing more complicated.

The TCJA nearly doubles the standard deduction for 2018 to $12,000 for singles and separate filers, $18,000 for heads of households, and $24,000 for joint filers. (These amounts will be adjusted for inflation for 2019 through 2025.)

For some taxpayers, the increased standard deduction could compensate for the elimination of the exemptions, and perhaps even provide some additional tax savings. But for those with many dependents or who itemize deductions, these changes might result in a higher tax bill — depending in part on the extent to which they can benefit from enhancements to the child credit.

**Child credit**

Credits can be more powerful than exemptions and deductions because they reduce taxes dollar-for-dollar, rather than just reducing the amount of income subject to tax. For 2018 through 2025, the TCJA doubles the child credit to $2,000 per child under age 17.

The new law also makes the child credit available to more families than in the past. For 2018 through 2025, the credit doesn’t begin to phase out until adjusted gross income exceeds $400,000 for joint filers or $200,000 for all other filers, compared with the 2017 phaseout thresholds of $110,000 for joint filers, $75,000 for singles and heads of households, and $55,000 for marrieds filing separately. The TCJA also includes, for 2018 through 2025, a $500 tax credit for qualifying dependents other than qualifying children.

**Assessing the impact**

Many factors will influence the impact of the TCJA on your tax liability for 2018 and beyond. For help assessing the impact on your situation, contact us.

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