

**Abstract:** Many taxpayers learned some tough lessons upon completing their 2018 tax returns regarding the changes brought forth by the Tax Cuts and Jobs Act (TCJA). This brief article reviews the revisions to the tax brackets so readers can avoid unpleasant surprises next April.

## **No surprises: Why you should check your tax bracket**

Many taxpayers learned some tough lessons upon completing their 2018 tax returns regarding the changes brought forth by the Tax Cuts and Jobs Act (TCJA). If you were one of them, or even if you weren't, now's a good time to check your bracket to avoid any unpleasant surprises next April.

Under the TCJA, the top income tax rate is now 37% (down from 39.6%) for taxpayers with taxable income over \$500,000 for 2018 (single and head-of-household filers) or \$600,000 for 2018 (married couples filing jointly). These thresholds are higher than they were for the top rate in 2017 (\$418,400, \$444,550 and \$470,700, respectively), so the top rate probably wasn't too much of a concern for many upper-income filers.

But some singles and heads of households in the middle and upper brackets were likely pushed into a higher tax bracket much more quickly for the 2018 tax year. For example, for 2017 the threshold for the 33% tax bracket was \$191,650 for singles and \$212,500 for heads of households. For 2018, the rate for this bracket was reduced slightly to 32% — but the threshold for the bracket is now only \$157,500 for both singles and heads of households.

So, a lot more of these filers found themselves in this bracket and many more could do so again in 2019. Fortunately for joint filers, their threshold for this bracket has *increased* from \$233,350 for 2017 to \$315,000 for 2018. The thresholds for these brackets have increased slightly for 2019, due to inflation adjustments. If you expect this year's income to be near the threshold for a higher bracket, consider strategies for reducing your taxable income and staying out of the next bracket. For example, you could take steps to accelerate deductible expenses.

But carefully consider the changes the TCJA has made to deductions. For example, you might no longer benefit from itemizing because of the nearly doubled standard deduction and the reduction or elimination of certain itemized deductions. For 2019, the standard deduction is \$12,200 for singles and married individuals filing separately, \$18,350 for heads of households and \$24,400 for joint filers.

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