

# 2019 Federal Tax Link-Up

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# A brief list of 2018 link-ups

- Any changes that occurred above AGI
  - Opportunity zones and capital gains
  - Moving expenses, alimony, domestic activities deduction
- Post-AGI changes
  - Pass-through deduction for estates and trusts
  - Charitable contribution limit increased to 60%
    - Impacts VT's Charitable Giving Credit
- Others
  - 529 plans – non post secondary expenses
    - Affects the VHEIP Credit
  - Bonus depreciation/Section 179 deduction
    - Affects business income on both personal and corporate income tax returns

# Things that happen every year that don't affect us

- Inflation adjustments in the following items
  - Federal tax brackets
  - Federal standard deductions
  - Exemption amounts for the Alternative Minimum Tax
  - Refundable portion of the Child Tax Credit
  - Capital Gains taxation brackets
- Other policy changes
  - Medical and dental deduction floor raised from 7.5% to 10% of AGI

# Inflation adjustments that will affect us

- Earned Income Tax Credit Thresholds
  - VT's EITC is 36% of the Federal EITC

| Filing Status               |                                    | No Children | One Child | Two Children | Three or More Children |
|-----------------------------|------------------------------------|-------------|-----------|--------------|------------------------|
| Single or Head of Household | Income at Max Credit               | \$6,920     | \$10,370  | \$14,570     | \$14,570               |
|                             | Maximum Credit                     | \$529       | \$3,526   | \$5,828      | \$6,557                |
|                             | Phaseout Begins                    | \$8,650     | \$19,030  | \$19,030     | \$19,030               |
|                             | Phaseout Ends (Credit Equals Zero) | \$15,570    | \$41,094  | \$46,703     | \$50,162               |
|                             |                                    |             |           |              |                        |
| Married Filing Jointly      | Income at Max Credit               | \$6,920     | \$10,370  | \$14,570     | \$14,570               |
|                             | Maximum Credit                     | \$529       | \$3,526   | \$5,828      | \$6,557                |
|                             | Phaseout Begins                    | \$14,450    | \$24,820  | \$24,820     | \$24,820               |
|                             | Phaseout Ends (Credit Equals Zero) | \$21,370    | \$46,884  | \$52,493     | \$55,952               |

# Inflation adjustments that will affect us

- Interest on Education Loans
  - Maximum deduction (\$2,500) phases out
    - Begins at \$70,000 (single), \$140,000 (married) and is phased out at \$85,000 or more (single) and \$170,000 or more (married)
  - Affects us because this is a pre-AGI deduction
- Educator expenses deduction
  - Maximum deduction is \$250 (single) and \$500 (married).  
Unchanged from 2018
  - Affects us because this is a pre-AGI deduction

# Inflation adjustments that will affect us

- Exclusion for gifts on the estate tax
  - Increased to \$15,000 to gifts to any person, and \$155,000 for gifts to spouse
  - VT Estate Tax requires reporting Federal taxable gifts on return
- Pass-through deduction thresholds
  - Thresholds are \$160,700 (single) and \$321,400
  - Impact through estates and trusts