

The Tax Cuts and Jobs Act

Tax Law
Changes
For 2018

Overview

Tax laws have changed, and they are likely to affect service members and their families. Reviewing and understanding the possible tax implications of the [Tax Cuts and Jobs Act](#) – the most [sweeping tax-reform legislation](#) in more than 30 years – can help maximize benefits and protect against unexpected tax bills or penalties at filing time.

Knowing the changes and possible effects of the reform can help members of the military community adapt in a way that reflects their personal finances and lifestyles. It's a good idea to review the reform with a tax professional, especially for taxpayers who have [high incomes and a complex return](#), own a [small business](#) or international assets or have similar considerations.

Highlights

Military members and families should be aware of these [2018 changes](#):

- **Standard deduction:** The standard deduction is increasing to \$12,000 for singles or those who are married but filing separately, \$24,000 for those who are married and filing jointly, and \$18,000 for those who file as head of household.
- **Personal exemption deduction:** For 2018, taxpayers can't claim a personal exemption deduction for themselves, their spouses or dependents. This may impact decisions on itemized deductions and dependents that taxpayers claim on their tax return.
- **Itemized deductions:** For 2018, [changes have been made to itemized deductions](#) taxpayers can claim on Schedule A.
- **Child tax credit:** For 2018, the maximum credit increases to \$2,000 per qualifying child. The maximum additional child tax credit increases to \$1,400.
- **Credit for other dependents:** A new credit of up to \$500 is available for each dependent, such as an adult child with a disability, who does not qualify for the child tax credit.
- **Education:** Taxpayers can now use 529 education savings plans to [pay for private K-12 education expenses](#) at secondary public, private or religious schools, with a limit of \$10,000 per student per year.
- **Reserve service members:** Reserve service members will still be able to deduct unreimbursed travel expenses to attend drill duty, but only if it takes place more than 100 miles from home.
- **Moving expenses:** Members of the armed forces can still deduct unreimbursed moving expenses as long as the move is part of an authorized permanent change of station.

Learn More

- [Get a jump](#) on next year's taxes now.
- Keep up with the [latest IRS tax reform news](#), [tax tips](#) and [scam alerts](#).
- Find out more about tax [preparation](#), [filing and refunds](#), [special considerations](#) and [free services](#) by visiting Military OneSource.



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- **Deployments to the Sinai Peninsula:** Service members who previously served in the newly designated combat zone may qualify for [retroactive tax benefits](#). They'll need to submit an amended tax return ([Form 1040-X](#)) for the year they were there, dating to 2015.
- **Estate tax exemption:** The estate tax exemption has doubled and is now at \$11.2 million, so an estate valued at less than the new threshold will not be taxed when the owner of the estate dies.
- **Investment fees:** Taxpayers can no longer deduct investment fees from taxes.

Next Steps

- Review the [Internal Revenue Service Tax Reform webpage](#) to learn more.
- Use the [IRS Withholding Calculator](#) to ensure enough tax is being withheld, especially if any of the following situations apply, and update [Form W-4](#) if necessary:
 - » Two-income family
 - » Hold two or more jobs at same time or work only part of the year
 - » Claim credits such as the child tax credit
 - » Older dependents, including children age 17 or older
 - » Itemized deductions in 2017
 - » High income and historically complex tax returns
 - » [Large tax refund](#) or large tax bill for 2017
- Contact an accredited [personal financial manager](#) or [personal financial counselor](#) to make a no-cost appointment to discuss how the tax law changes may impact personal financial goals.
- Find the closest [Volunteer Income Tax Assistance location](#) and receive free tax help.
- Take advantage of [MilTax](#), free online tax preparation and e-filing services and access to military tax consultants, via phone or internet, for service members and families.

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