



# 2017 Year-End Tax Memo

An Annual Publication of

Large & Gilbert, Inc.

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Large & Gilbert, Inc., is a full service CPA firm specializing in Accounting, Tax, Consulting, Business Advisory, Wealth Accumulation & Technology Services for the Construction Industry.

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The L&G Year End Tax Memo is distributed to our clients and friends. The content of this memo is in some cases generalized, and you are advised to consult with us before taking action.

## TAX CUTS AND JOBS ACT: HOW THE TAX REFORM BILL COULD IMPACT YOU

In the final weeks of December, the Tax Cuts and Jobs Act was passed into law. The Act is the largest tax reform in over three decades. While the Act is over 1,000 pages, below is a brief summary of a few of the Act's highlights:

### Business Highlights:

- Effective 1/1/18, the corporate tax rate will drop to a flat 21%.
- The Corporate AMT has been repealed.
- The maximum amount of Section 179 increases to \$1 million (from \$500,000) and the phase out increases to \$2.5 million.
- "Used" property is now eligible for bonus depreciation.
- Contractors who meet the 3 year, 25 million dollar gross receipt test will be eligible for the completed contract method.
- Net operating losses may no longer be carried back, but may be carried forward indefinitely. NOL deductions are now limited to 80% of taxable income.
- The Act repeals the domestic production activities deduction (Sec. 199).

### Individual Highlights:

- See attached new tax brackets.
- The Act increased the standard deduction to \$24,000 for married filing joint, \$18,000 for head of household, and \$12,000 for all others.
- While business AMT was repealed, AMT for individuals was not. The exemption is increased as is the phase-out (\$500,000 for single, 1 million for married taxpayers filing a joint return).
- The Act repealed personal exemptions and 2% Schedule A itemized deductions.
- Creation of 20% Qualified Business Income Deduction.
- The Child Tax Credit was expanded to \$2,000. The threshold at which the credit begins to phase out was increased to \$400,000 for married taxpayers filing a joint return and \$200,000 for other taxpayers.
- The home mortgage interest deduction was modified to reduce the limit on acquisition indebtedness to \$750,000 (from the prior-law limit of \$1 million).
- Home-equity loan interest deduction was repealed through 2025.
- The Act allows individuals to deduct up to \$10,000 in property taxes, local income taxes, and state income tax.
- The Act reduced the threshold for deduction of medical expenses to 7.5% of adjusted gross income for 2017 and 2018.
- For any divorce or separation agreements executed after Dec. 31, 2018, the Act provides that alimony and separate maintenance payments are not deductible by the payer spouse. It repealed the provisions that provided that those payments were includible in income by the payee spouse.
- Many of the individual changes will expire December 31, 2025.

The above business and individual highlights could be subject to other rules, laws, limits, phase-out's, tax years, etc. For a thorough review of how the Tax Cuts and Jobs Act will impact you and your business, please contact Large & Gilbert.

**KEEP THIS MEMO FOR REFERENCE TO FILING REQUIREMENTS & RELATED QUESTIONS**

The following is a general summary of some of the key items you need to know in order to handle your 2017 end-of-year tax filings, as well as ongoing matters for 2018. Specific details about Federal tax reporting are contained in IRS Publication 15-Circular E, Employer's Tax Guide, published annually.

### **2018: Changes to Partnership Audit Rules**

Partnerships with tax years beginning after Dec. 31, 2017 will be subject to a new audit regime which will replace the partnership audit rules under TEFRA. Under the new centralized partnership regime:

- If there is an audit adjustment, any imputed underpayment will be assessed and paid at the partnership level.
- Partnerships that are required to furnish 100 or fewer K-1's to qualifying partners (individuals, C corporation, S corporation (subject to limits) or the estate of a deceased partner), can elect out of the new audit rules.
- The "Tax Matters Partner" is replaced with "Partnership Representative". The partnership representative has the power to bind the partnership and all of its partners.

We expect additional guidance and updates to be released. Partnerships should consider a thorough review and update of their operating agreement to address these changes.

### **2017 Payroll Tax Rates**

For 2017, the FICA wage base (maximum amount of earnings subject to social security) was \$127,200. The employee and employer tax rate for social security was 6.2% each. The 2017 Medicare rate continued to be 1.45% each for employers and employees. The Medicare tax is computed on the employee's total wages with no wage base ceiling. You should also have withheld the additional 0.9% Additional Medicare Tax on the amount an employee's wages exceeded \$200,000 during the calendar year. Finally, the federal unemployment tax rate (FUTA) was 6.0% subject to crediting of up to 5.4% by payment of Georgia unemployment taxes (SUTA) for a potential effective federal

tax rate of 0.6%. The FUTA wage base was \$7,000 and Georgia SUTA wage base was \$9,500. State unemployment rates vary for each employer with experience.

### **Forms W-2 & W-3**

Copy A of 2017 paper Forms W-2 and W-3 should be mailed by January 31, 2018 if using regular U.S. mail to:

Social Security Administration  
Direct Operations Center  
Wilkes-Barre, PA 18769-0001

For certified mail, change the zip code to "18769-0002".

If you will use a private delivery service, send to:

Social Security Administration  
Data Operations Center  
ATTN: W-2 Process  
1150 East Mountain Drive  
Wilkes-Barre, PA 18702-7997

### **Electronic Filing**

If you are filing 250 or more W-2 wage statements, you must file the statement electronically. For questions about electronic filing, visit the Social Security Administration's website at [www.socialsecurity.gov/employer](http://www.socialsecurity.gov/employer) and select "First Time Filers" or "Returning Filers" under "Before You File" on the right side menu. Electronic forms and uploads are filed through the SSA's Business Services Online (BSO) website and will be on time if submitted by January 31, 2018. E-filing is Free.

### **W-2 Items**

Georgia requires that you *electronically* file your G-1003 Return, along with W-2s, 1099s and G2As, if you are required to file and pay your federal quarterly withholding taxes online (i.e. you accumulate \$2,500 or more tax liability quarterly). This rule will require most to file your Georgia returns electronically even if you meet the requirements to paper file your federal forms.

### **Life Insurance**

You must include in your employee's wages the cost of group-term life insurance beyond \$50,000 worth of coverage, reduced by the amount the employee paid toward the insurance. Report it as wages in boxes 1, 3, and 5 of the employee's Form W-2. Also, show it in box 12 with code "C." See attached IRS Table.

### **Personal Use of Company-Owned Vehicle**

Remember to include the value of an employee's personal use of a company-owned vehicle as income on the employee's W-2. You cannot merely use a cents-per-mile value if the value of the vehicle exceeds \$15,900 or \$17,700 for a truck or van. If the vehicle is only used for business purposes, and you meet additional IRS requirements, you may use the "commuting only" rule to determine how much to include in income for a non-owner employee. Under this approach, include in income \$1.50 for each leg of an employee's commute, or \$3.00 per day. However, for employee-owners and highly paid officers, you must determine their actual personal use income. This amount is based on the fair market value of the car and may be determined by reference to the annual lease value table contained near the end of this publication.

### **Health Insurance**

An S-Corporation should include the medical insurance provided for an owner/employee as wages on the owner/employee's W-2, and the owner/employee may then claim the self-employed health insurance deduction of 100% of this amount on his or her individual tax return.

In 2017, medical insurance compensation is not subject to payroll taxes.

### **Employer-Provided Health Coverage Informational Reporting Requirements**

Under the Affordable Care Act, all employers are required to report the cost of employer-provided health coverage on Form W-2. However, until further transitional guidance is issued, only certain employers (large employers

that file at least 250 W-2s and others that provide "applicable" coverage) are required to comply with the reporting requirement. Therefore, unless you are a "large" employer, reporting is voluntary.

In general, the amount reported should include both the portion paid by the employer and the portion paid by the employee. The cost of these health care benefits should be reported in Box 12 of Form W-2, with Code DD to identify the amount.

The reporting requirement is currently for informational purposes only and will not cause the excludable employer-provided health coverage to become taxable. The IRS has stated, in guidance issued on this matter, that the purpose of the reporting requirement is to provide employees useful and comparable consumer information on the cost of their health care coverage.

### **2017 Payroll Tax Reconciliations**

When preparing year-end payroll tax returns, certain items must agree or you will likely receive penalty notices. Below is a checklist of the items that should be reconciled:

W-3 **Box 1**, "Wages, tips, other compensation", must equal the sum of the amounts provided on **Line 2** for the four (4) Form 941 Quarterly Returns.

W-3 **Box 2**, "Federal income tax withheld", must equal the sum of the amounts provided on **Line 3** for the four (4) Form 941 Quarterly Returns.

W-3 **Box 3**, "Social security wages", must equal the sum of the amounts provided on **Line 5a** of the four (4) Form 941 Quarterly Returns.

W-3 **Box 5**, "Medicare wages and tips", must equal the sums of both the amounts provided on **Lines 5c and 5d** of the four (4) Form 941 Quarterly Returns.

All boxes on the individual W-2s must total their respective boxes on Form W-3, including Boxes 16, "State wages, tips, etc."

Line 3, “Total payments to all employees” on Form 940 FUTA return must equal Box 5, “Medicare wages and tips”, on Form W-3.

### **1099 Forms**

Form 1099-MISC must be furnished to every non-corporate service provider that you have paid \$600 or more in 2017. Limited Liability Companies (LLCs) are not typically taxed as corporations and should be issued a 1099 if they are paid \$600 or more during the year for services. Rent paid is reported on 1099-MISC in box 1.

A 1099-MISC is not required for payments to Large & Gilbert, Inc., a corporation, but 1099s are required for all payments to attorneys and providers of medical and health care services, including veterinarian services, regardless of corporate classification.

Also remember to issue Form 1099-INT to shareholders for interest paid to them on loans to the company.

You must file Form 1099-MISC on or before January 31, 2018 when you are reporting nonemployee compensation in box 7. Otherwise, file by February 28, 2018 if you file on paper, or by April 2 if you electronically file.

If you are filing 250 or more Forms 1099, you are required to submit these information returns electronically. Internal Revenue Service Form 4419, Application for Filing Information Returns Electronically, can be obtained from the IRS website. The application must be filed at least 30 days prior to the due date of the information returns needing to be filed electronically.

### **Reporting of Non-Payroll Items**

Separate deposit and reporting is required for income tax withheld on non-payroll items such as profit sharing, 401(k) distributions and backup withholdings. Any of this type of tax withheld in 2017 is reported on Form 945. Although payroll and non-payroll tax liabilities must be reported and deposited separately, the rules on how and when to deposit are basically the same. Deposit all non-payroll (Form 945)

withheld federal income tax, including backup withholding tax, electronically using the EFTPS system.

### **Form I-9**

Remember to verify that each employee is legally eligible to work in the U.S. by completing the U.S. Citizenship and Immigration Services Form I-9. Details are available at [www.uscis.gov](http://www.uscis.gov). Click on the E-Verify Home Page for information on compliance with the E-Verify program.

### **W-4/W-5**

By January, notify employees to revise their Form W-4 if allowances will change from the form currently on file. Also, inform employees claiming exemption from withholding or receiving advance payment of the earned income credit that their W-4 and/or W-5 must be renewed for the coming year.

### **Form W-9**

It is very important that you obtain signed W-9s from all service providers that will need to receive 1099s.

The back-up withholding regulations require a 28% withholding from payments to vendors required to receive 1099s if no identification number is provided by them. Don't get caught short by the IRS wanting their 28% if you have paid your vendor in full and back-up withholding was required.

### **State Withholding**

State income tax should generally be withheld for the state where the employee is working; however, you should examine the requirements of both the state where work is being performed and where the employee is a resident. Reminder: when a Georgia resident is working in a state that has no individual state income tax, such as Florida, Georgia income tax *must* be withheld.

## State Unemployment

State unemployment taxes should generally be paid to the state where employees live. Work assignments longer than six (6) months often shift the unemployment obligation to the state where the work is performed. Please contact us for guidance in situations that are not clear.

## Employee Versus Subcontractor Classification

The IRS continues to take an aggressive stance in the classification of employees versus independent contractors. We can provide guidance on what constitutes an employer-employee relationship for workers when you are not certain of the classification. It is advisable that you issue 1099s to all unincorporated subcontractors paid \$600 or more during the year to show good faith in your determination of their status.

## Sales and Use Tax for Contractors

Contractors are deemed to be the end consumer and must pay sales and use tax on material at the time of *purchase or rental*. A monthly or quarterly sales tax report should be filed whether or not any tax is due. If material or new equipment is purchased out of state and no sales tax is paid at the time of purchase, then the amount of these purchases should be included on the sales tax report and the use tax paid. Use tax should also be paid on used equipment purchases where no tax was paid to the seller at the time of purchase.

## 401(k) Plans

The ceiling for employee contributions for 2017 is \$18,000 per year and an additional \$6,000 for employees age 50 and over.

The annual limit for 2018 has increased to \$18,500 per year and an additional \$6,000 for employees age 50 and over.

## IRA Limits

For 2017, the annual IRA limit is \$5,500 per person and an additional \$1,000 catch-up contribution for those age 50 and over. The

annual limit for 2018 remains the same as 2017.

Traditional IRA contributions are fully deductible if you or your spouse **are not** covered by a retirement plan at work. If during the year either you or your spouse was covered by a retirement plan at work the deduction may be reduced, or phased out, until it is eliminated, depending on your filing status and income.

For 2017, if your filing status is single, head of household, or married filing separately, contributions to a Roth IRA will begin to phase out when your modified AGI reaches \$118,000. If your filing status is married filing jointly, contributions to a Roth IRA will begin to phase out when your modified AGI reaches \$186,000.

## Miscellaneous Forms

Large & Gilbert, Inc. prepares only the Federal and state income tax returns for clients as part of a standard engagement. Other annual forms will be prepared for you **ONLY** if specifically requested in writing. Examples of forms that may be required are:

- All state contractor's license reports
- State annual report/registrations
- Personal property tax returns
- Payroll tax returns
- Unemployment insurance returns
- Workers comp reports
- City/County business licenses
- Sales/use tax reports
- Luxury/fuel/or other excise tax returns

Most of these miscellaneous forms are sent by the reporting agency to you each year. Many clients choose to complete some or all of these forms on their own.

Send the blank form and instructions to us with a note asking that we prepare the form if you desire that we complete any of these for you.

## Tables Attached

IRS ANNUAL LEASE VALUE TABLE  
IRS TABLE – COST PER \$1,000 OF  
PROTECTION FOR 1 MONTH  
TAX CUTS AND JOBS ACT – TAX RATES

## REPORTING FOR THE YEAR 2018

### Changes to Your Accounting System

With the New Year come various changes that may or may not occur automatically in your accounting software. Please make sure you check and update, if necessary, the following:

- SUTA rates and limits
- Social Security limit
- Social Security rates for employees
- Workers Compensation rates (should be updated on the change of your policy year, but this is a good time to make sure they are set up properly)
- State and Federal withholding tables (usually this will be an update from your accounting software company)
- Voluntary deduction setup (this is a good time to verify that pre-tax and after-tax deductions are set up accordingly)
- Employee data from revised W-4 and/or W-5 forms
- 1099 vendor data (this is a good time to verify that vendors who should receive 1099s are set up properly)

If you need any assistance to ensure that your accounting software is configured properly, please call Gary Fortier at our office.

### 2018 Payroll Tax Rates

For 2018, the FICA wage base (maximum amount of wages subject to social security) will increase to \$128,400. The Medicare tax remains 1.45% each for the employer and employee and is computed on the employee's total wages with no maximum on taxable earnings. The Social Security tax rate also remains 6.2% each for the employer and employee.

In addition to withholding the Medicare tax above, employers must continue to withhold 0.9% Additional Medicare Tax in excess of \$200,000 during the 2018 calendar year, beginning with the pay period in which the \$200,000 threshold is crossed and continuing each pay period until the end of the calendar year. Although withheld by the employer, the Additional Medicare Tax is borne solely by the employee. In other words, there is no employer share of the Additional Medicare Tax.

Finally, the federal unemployment tax rate is 6.0% subject to crediting of up to 5.4% by payment of Georgia unemployment taxes for a potential effective federal tax rate of 0.6%. The FUTA wage limit remains \$7,000 and Georgia SUTA wage limit remains \$9,500.

### Depreciation Rates for 2018

The Tax Cuts and Jobs Act expanded the maximum amount a taxpayer may expense under Section 179 to \$1 million and the phase-out is increased to \$2.5 million.

Bonus depreciation was expanded to 100% for 2018 for qualifying property. Additionally, Bonus depreciation is now allowed on the purchase of used property.

### Start Up Expenditures

Generally, a Taxpayer can elect to deduct up to \$5,000 of eligible expenses in the tax year that business starts up, with the remainder of the expenses amortized over a 180-month period.

### Change in Mileage Rate

Optional standard mileage rates for use of a vehicle will increase by 1 cent per mile for 2018. Taxpayers can use the optional standard mileage rates to calculate the deductible costs of operating an automobile.

For business use of a car, van, pickup truck, or panel truck, the 2018 rate will be 54.5 cents per mile. The deduction for driving for medical or moving purposes also increases to 18 cents per mile. Charitable mileage remains at 14 cents per mile.

The portion of the business standard mileage rate that is treated as depreciation remains at 25 cents per mile for 2018. For purposes of computing the allowance under a fixed and variable rate (FAVR) plan, the maximum standard automobile cost for 2018 is decreased to \$27,300 (\$27,900 in 2017) for automobiles (not including trucks and vans) and decreased to \$31,000 (\$31,300 in 2017) for trucks and vans. Under a FAVR plan, a standard amount is deemed substantiated for an employer's

reimbursement to employees for expenses they incur in driving their vehicle in performing services as an employee for the employer.

### **Georgia Sales & Use Tax or Withholding Tax**

If you voluntarily or are required to file electronically in Georgia (as most of you are), you are also required to file all additional forms electronically, including the ST-3 Sales & Use Tax Return. Failure to file electronically will count as failure to file and could subject you to a penalty equal to the greater of \$25.00 or 5% of the entire tax due (before payments and credit). For registration details and instructional videos please visit the website at <https://gtc.dor.ga.gov/>.

### **Real and Personal Property Tax**

For both Real and Personal Property tax returns, property tax returns are due to the county tax assessor by April 1.

### **Annual Registration - Georgia**

Annual Registrations are due to the Secretary of State by April 1 of each year. The Annual Registration fees are currently \$50 and there is also a \$25 late fee for Annual Registrations not filed by April

### **Expense Reimbursements**

The tax treatment for reimbursing employees for expenses encountered on the job depends on whether reimbursements are made under an “accountable” or “non-accountable” plan. If the employer meets the requirements for an accountable plan, the expense reimbursements are fully deductible on their books (an exception would be the 50% meals and entertainment rule), and the employee would owe zero tax on the reimbursement. However, if the reimbursements are made under a non-accountable plan, the reimbursement would still be deductible by the employer, but the payments become additional compensation to the employee. Both the employer and employee would owe payroll taxes and the employee would be subject to income tax withholding on these payments.

Generally, three conditions must be satisfied for an employer’s reimbursement plan to be considered as made under an accountable plan:

1. The expenses must have a business connection (as opposed to being an expense that is personal in nature). Also, the reimbursement payment must be made separately from other payments or clearly identified if included with other payments, such as payroll checks.
2. The reimbursed expenses or expense allowance must be appropriately documented and substantiated. Turning in mileage logs is an acceptable method for auto expense reimbursement. Other acceptable items include turning in receipts for actual expenses incurred or being reimbursed for daily and overnight travel based on the IRS established per diem rates.
3. Any reimbursement in excess of substantiated expenses must be returned to the employer in a timely manner.

Common Error: establishing expense allowances, such as for automobiles and tools, without requiring substantiation.

As always, please feel free to call us with any questions you may have.

### **Retirement Plan Adjustments for 2018**

Contribution limits to 401(k), 403(b) and 457 plans increases in 2018 to \$18,500 for employees under 50, and \$24,500 for employees 50 and older. The combined annual contribution limit for both employer and employee to all defined contribution retirement plans will increase to \$55,000 for those under 50 and \$61,000 for 50 and older. The maximum annual compensation allowed to be considered per participant for testing and allocation purposes increases to \$275,000.

The IRA contribution limit is \$5,500 with an additional \$1,000 catch-up contribution permitted for those age 50 or older. If your filing status is single, head of household, or married filing separately, contributions to a Roth

IRA will begin to phase out when your modified AGI reaches \$120,000. If your filing status is married filing jointly, contributions to a Roth IRA will begin to phase out when your modified AGI reaches \$189,000.

The contribution limit for SIMPLE plans remains unchanged at \$12,500 with a \$3,000 catch-up contribution allowed. The maximum allowable compensation used in calculating SEP-IRA contributions is increased to \$275,000 for 2018.

### **Estate and Gift Tax for 2018**

For 2018, the basic exclusion on tax-free transfers will increase to \$11.2 million per person from \$5.49 million per person in 2017.

The annual exclusion in 2018 increases, allowing gifts up to \$15,000 in cash or other assets each year to individuals without utilizing a portion of the basic exclusion.



## IRS ANNUAL LEASE VALUE TABLE

For value of personal use of Company vehicle to go on W-2 for employees

Automobile fair market value (1)	Annual lease value (2)	Automobile fair market value (1)	Annual lease value (2)
\$0 to 999.....	\$600	22,000 to 22,999.....	6,100
1,000 to 1,999.....	850	23,000 to 23,999.....	6,350
2,000 to 2,999.....	1,100	24,000 to 24,999.....	6,600
3,000 to 3,999.....	1,350	25,000 to 25,999.....	6,850
4,000 to 4,999.....	1,600	26,000 to 27,999.....	7,250
5,000 to 5,999.....	1,850	28,000 to 29,999.....	7,750
6,000 to 6,999.....	2,100	30,000 to 31,999.....	8,250
7,000 to 7,999.....	2,350	32,000 to 33,999.....	8,750
8,000 to 8,999.....	2,600	34,000 to 35,999.....	9,250
9,000 to 9,999.....	2,850	36,000 to 37,999.....	9,750
10,000 to 10,999.....	3,100	38,000 to 39,999.....	10,250
11,000 to 11,999.....	3,350	40,000 to 41,999.....	10,750
12,000 to 12,999.....	3,600	42,000 to 43,999.....	11,250
13,000 to 13,999.....	3,850	44,000 to 45,999.....	11,750
14,000 to 14,999.....	4,100	46,000 to 47,999.....	12,250
15,000 to 15,999.....	4,350	48,000 to 49,999.....	12,750
16,000 to 16,999.....	4,600	50,000 to 51,999.....	13,250
17,000 to 17,999.....	4,850	52,000 to 53,999.....	13,750
18,000 to 18,999.....	5,100	54,000 to 55,999.....	14,250
19,000 to 19,999.....	5,350	56,000 to 57,999.....	14,750
20,000 to 20,999.....	5,600	58,000 to 59,999.....	15,250
21,000 to 21,999.....	5,850		

For autos with a FMV in excess of \$59,999, the annual lease value equals: (.25 x auto FMV) + \$500

### IRS TABLE – COST PER \$1,000 OF PROTECTION FOR 1 MONTH

For value of group term life insurance in excess of \$50,000 to go on W-2 for employee group term life insurance benefit. Formula: [(Life Insurance Value - \$50,000) / \$1,000 \* Table Value] – Employee’s Monthly After-Tax Contributions = Monthly Taxable Income

#### Cost per \$1,000 of Protection per Month

Age	Cost
Under 25	\$ .05
25 through 29	\$ .06
30 through 34	\$ .08
35 through 39	\$ .09
40 through 44	\$ .10
45 through 49	\$ .15
50 through 54	\$ .23
55 through 59	\$ .43
60 through 64	\$ .66
65 through 69	\$1.27
70 and older	\$2.06

**TAX CUTS AND JOBS ACT: NEW TAX RATES**

**Single taxpayers**

Taxable income over	But not over	Is taxed at
\$0	\$9,525	10%
\$9,525	\$38,700	12%
\$38,700	\$82,500	22%
\$82,500	\$157,500	24%
\$157,500	\$200,000	32%
\$200,000	\$500,000	35%
\$500,000		37%

**Heads of households**

Taxable income over	But not over	Is taxed at
\$0	\$13,600	10%
\$13,600	\$51,800	12%
\$51,800	\$82,500	22%
\$82,500	\$157,500	24%
\$157,500	\$200,000	32%
\$200,000	\$500,000	35%
\$500,000		37%

**Married taxpayers filing joint returns and surviving spouses**

Taxable income over	But not over	Is taxed at
\$0	\$19,050	10%
\$19,050	\$77,400	12%
\$77,400	\$165,000	22%
\$165,000	\$315,000	24%
\$315,000	\$400,000	32%
\$400,000	\$600,000	35%
\$600,000		37%

**Married taxpayers filing separately**

Taxable income over	But not over	Is taxed at
\$0	\$9,525	10%
\$9,525	\$38,700	12%
\$38,700	\$82,500	22%
\$82,500	\$157,500	24%
\$157,500	\$200,000	32%
\$200,000	\$300,000	35%
\$300,000		37%