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**2017 and 2018 Personal Tax Rate Overview**

- 2017 Individual Income Tax Rates- ordinary income marginal tax rates are 10%, 15%, 25%, 28%, 33%, 35% and 39.6%. For 2018 and future years, under the new tax reform law (Tax Cuts and Jobs Act of 2017) signed on 12/22/17, ordinary marginal tax rates are 10%, 12%, 22%, 24%, 32%, 35% and 37%.
- Capital Gains and Dividend Tax Rates- A 20% tax rate applies to long term capital gains and dividends for individuals at highest income tax bracket of 39.6% in 2017, 37% in 2018. The 15% rate applies for those in the middle tax brackets and a zero rate applies for taxpayers in the 10% and 15% brackets. In addition, note that the 3.8% surtax explained below will further increase these rates, depending on income.
- The employee's portion of the social security tax on earned income is 6.2%, capped at \$127,200 for 2017 and \$128,400 for 2018.
- There is a surtax of 3.8% on unearned income (i.e. interest, dividends, capital gains, net rental income, annuities, royalties) for those taxpayers whose modified adjusted gross income is above certain threshold levels. Those thresholds are \$200,000 for single and head of household filers, \$250,000 for married, filing jointly and \$125,000 for married, filing separately.
- There is a .9% increase in the medicare tax (from 1.45% to 2.35%) on earned income (i.e. W-2 wages, self employment income) for taxpayers whose income threshold exceed the levels indicated above in the 3.8% surtax section.
- The exemption amount for the alternative minimum tax (AMT) on individuals was permanently indexed for inflation for 2017. Now, under the new tax reform act effective for 2018, the exemption levels have been increased. Therefore, it is likely that many taxpayers who incurred alternative minimum tax in the past will not be affected by it in 2018 and future years.

Please feel free to call or email our office to further discuss any of this information.