1. **Medical and Dental Expenses.** Medical and dental expenses remain in place with a lower floor. We call it the "floor" because you can only deduct expenses over that number. The floor - before tax reform - was 10% of your adjusted gross income (AGI). Here's how it worked. Let's say your AGI is $40,000 and your medical expenses were $5,000. Assuming you itemized, you could claim $1,000 as a deduction, or $5,000 in expenses less the floor (10% x $40,000 = $4,000).

Under tax reform, the 7.5% floor is back in place for two years beginning January 1, 2017 - that means that it applies to the 2017 tax year. So assuming the same facts above, you can claim $2,000 as a deduction, or $5,000 in expenses less the floor (7.5% x $40,000 = $3,000).

2. **State and Local Taxes.** Under tax reform, deductions for state and local sales, income, and property taxes normally deducted on a Schedule A remain in place but are limited (see #3 below). Foreign real property taxes may not be deducted under this exception.

3. **SALT caps.** While SALT deductions remain in place, there is a cap on the aggregate, meaning that the amount that you are claiming for all state and local sales, income, and property taxes together may not exceed $10,000 ($5,000 for married taxpayers filing separately).

State, local, and foreign property taxes, and sales taxes which are deductible on Schedule C, Schedule E, or Schedule F are not capped. This means that, for example, rental property - even if held individually and not in a separate entity - remains deductible and not subject to these limitations.

4. **Home Mortgage Interest.** So, first, the home mortgage interest deduction didn't disappear. But it did get modified. Here's what you need to know. First, the definition of acquisition indebtedness is important: It's *indebtedness that is incurred in acquiring, constructing, or substantially improving a qualified residence of the taxpayer and which secures the residence.* Home equity indebtedness is indebtedness other than acquisition indebtedness that is secured by a qualified residence. Those distinctions are important (more in a moment) no matter what they're called by you or by the bank.

As of December 15, 2017, there's a limit on acquisition indebtedness - your mortgage used to buy, build or improve your home - of $750,000 ($375,000 for married taxpayers filing separately). For mortgages taken out before December 15, 2017, the limit is $1,000,000 ($500,000 for married taxpayers filing separately). It's even more complicated because beginning in 2026, the cap goes back up to $1,000,000, no matter when you took out the mortgage.

And here's where that definition is super important: For tax years 2018 through 2025, there is no deduction available for interest on home equity indebtedness.

5. **Charitable donations.** Charitable donations remain deductible under tax reform. The rules are largely the same with a few changes. First, the percentage limit for charitable for cash donations by an individual taxpayer to public charities and certain other organizations increases from 50% to 60%. Two, taxpayers are no longer entitled to deduct payments made to a college or college athletic department (or similar) in exchange for college athletic event ticket or seating rights at a stadium. Those provisions are effective beginning in 2018.

Effective beginning in 2017, the provision which allows for an exception to the substantiation rule if the donee organization files a return is repealed. What this means to taxpayers: Always get a receipt.

6. **Casualty and Theft Losses.** The deduction for personal casualty and theft losses is repealed for the tax years 2018 through 2025 except for those losses attributable to a federal disaster as declared

by the President (generally, this is meant to allow some relief for victims of Hurricanes Harvey, Irma, and Maria).

7. **Job Expenses and Miscellaneous Deductions subject to 2% floor.** Miscellaneous deductions which exceed 2% of your AGI will be eliminated for the tax years 2018 through 2025. This includes deductions for unreimbursed employee expenses and tax preparation expenses. To be clear, it includes expenses that you incur in your job that are not reimbursed, like tools and supplies; required uniforms not suitable for ordinary wear (like those ABBA costumes); dues and subscriptions; and job search expenses. *These expenses also include unreimbursed travel and mileage, as well as the home office deduction.*