

Scenario 1:

New York City Taxpayers (married filing joint) earning \$3 million of wages, \$100,000 of property tax, \$50,000 of charitable contributions

	<u>2017</u> <u>Current Law</u>	<u>2018</u> <u>Tax Reform Legislation</u>
Adjusted Gross Income	3,000,000	3,000,000
Itemized Deductions		
Property Tax	(100,000)	(10,000)
State and local tax	(380,880)	-
Charitable contributions	(50,000)	(50,000)
Deduction Limitation	82,155	-
Personal Exemption	-	-
Taxable Income	2,551,275	2,940,000
Federal Income Tax	955,536	1,027,179
Effective Rate	31.9%	34.2%

Scenario 2:

New York City Taxpayers (married filing joint) earning \$500,000 of wages, \$20,000 of property tax, \$20,000 of charitable contributions, \$20,000 mortgage interest

	<u>2017</u> <u>Current Law</u>	<u>2018</u> <u>Tax Reform Legislation</u>
Adjusted Gross Income	500,000	500,000
Itemized Deductions		
Property Tax	(20,000)	(10,000)
State and local tax	(53,630)	-
Mortgage Interest	(20,000)	(20,000)
Charitable contributions	(20,000)	(20,000)
Deduction Limitation	7,155	-
Personal Exemption	-	-
Taxable Income	393,525	450,000
Federal Income Tax	105,081	108,879
AMT	17,550	-
Total Tax	122,631	108,879
Effective Rate	24.5%	21.8%

Scenario 3:

Same as Scenario 2, but assume all income is from pass-through entities and eligible for the full pass-through deduction

	<u>2017</u> <u>Current Law</u>	<u>2018</u> <u>Tax Reform Legislation</u>
Adjusted Gross Income	500,000	500,000
Itemized Deductions		
Property Tax	(20,000)	(10,000)
State and local tax	(53,630)	-
Mortgage Interest	(20,000)	(20,000)
Charitable contributions	(20,000)	(20,000)
Deduction Limitation	7,155	-
Personal Exemption	-	-
Pass-through deduction	-	-
Taxable Income	393,525	450,000
Pass-through deduction	-	(100,000)
Taxable Income after pass-through deduction	393,525	350,000
Federal Income Tax	105,081	75,379
AMT	17,550	-
Total Tax	122,631	75,379
Effective Rate	24.5%	15.1%

Scenario 4:

Single taxpayer making \$75,000 in wages, takes standard deduction.

	<u>2017</u> <u>Current Law</u>	<u>2018</u> <u>Tax Reform Legislation</u>
Adjusted Gross Income	75,000	75,000
Standard Deduction	(6,350)	(12,000)
Personal Exemption	(4,050)	-
Taxable Income	64,600	63,000
Federal Income Tax	11,889	9,800
Effective Rate	15.9%	13.1%

Scenario 5:

Married filing joint with \$50,000 of dividend income, \$100,000 of long term capital gains, and \$25,000 of interest income.

	<u>2017</u> <u>Current Law</u>	<u>2018</u> <u>Tax Reform Legislation</u>
Adjusted Gross Income	175,000	175,000
Standard Deduction	(12,700)	(24,000)
Personal Exemption	<u>(8,100)</u>	<u>-</u>
Taxable Income	154,200	151,000
Tax on LTCG and Qual. Dividends	22,500	22,500
Tax on ordinary income	<u>420</u>	<u>100</u>
Total Tax	22,920	22,600
Effective Rate	13.1%	12.9%

*There is no change in the tax since the rates on long term capital gains and qualified dividends did not change under the new law.