

Tax Reform Law Chart: Prior Law vs. New Law

Provisions of Interest to Real Estate Professionals

	Prior Law	New Law
Mortgage Interest Deduction	Capped at \$1,000,000	Capped at \$750,000
State and Local Tax Deduction	Unlimited	The total of income, sales and property tax deductions is capped at \$10,000
Capital Gains Exemption on Sale of Primary Residence	Exclusion of up to \$250,000 (\$500,000 if married) of gain realized on sale or exchange of principal residence if lived in for 2 of last 5 years	No change
1031 Like-Kind Exchanges	Applied to all classes of property (e.g., personal and real)	Limits non-recognition of gain to real property
Personal Deduction	Allowed	Eliminated
Standard Deduction	\$6,350 individual and \$12,700 if married	\$12,000 individual and \$24,000 if married
MID for second Homes	Capped at \$1,000,000	Capped at \$750,000
Home Equity Loan Deduction	Capped at \$100,000	Not deductible unless the proceeds are used to substantially improve the property
Moving Expense Exclusion and Deduction	Deduction for moving expenses incurred in connection with change in work place	Eliminated except for members of armed forces on active duty that move pursuant to military orders
Child Tax Credit	\$1,000 for each child	\$2,000 for each child
Deduction for Qualified Business Income of Pass-Through Entities including independent contractors	None	20% deduction of taxable income phased out above \$157,000 (\$315,000 if married) for brokerage services
Depreciation Recovery Period for Real Property (Residential Rental)	Recovery period is 27.5 years	No change
Depreciation Recovery Period for Real Property (nonresidential)	Recovery period is 39 years	No change
Depreciation Recovery Period for Real Property (leasehold improvements)	Recovery period is 15 years	No change

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