State Personal Income Taxes Following the Tax Cuts and Jobs Act
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General TCJA Impact

- Affects all filers and all return types
- Tax prep appointment largely the same
- Forms (federal and state) will change
- H&R Block researching and implementing changes
State Impact

- Broadening base through removal of provisions
- In general, personal income tax receipts will increase
- Form Updates: Over 10,000 changes through October
  - November usually one of the busiest month for individual changes
  - September and October: 50% increase in changes over FY18
  - Already twice as many changes as there were in all of FY14
Federal-State Relationship

Conforming states
- Rolling conformity
- Fixed date conformity

Federal starting point
- AGI
- Taxable income

Nonconforming states
- Federal references
Form 1040
Department of the Treasury—Internal Revenue Service
U.S. Individual Income Tax Return

Filing status: □ Single □ Married filing jointly □ Married filing separately □ Head of household □ Qualifying widow(er)

Your first name and initial: ____________________________ Last name: ____________________________

Your standard deduction: □ Someone can claim you as a dependent □ You were born before January 2, 1954 □ You are blind

If joint return, spouse’s first name and initial: ____________________________ Last name: ____________________________

Spouse standard deduction: □ Someone can claim your spouse as a dependent □ Spouse was born before January 2, 1954 □ Spouse is blind □ Spouse itemizes on a separate return or you were dual-status alien

Home address (number and street). If you have a P.O. box, see instructions.

City, town or post office, state, and ZIP code. If you have a foreign address, attach Schedule 6.

Dependents (see instructions):

<table>
<thead>
<tr>
<th>(1) First name</th>
<th>Last name</th>
<th>(2) Social security number</th>
<th>(3) Relationship to you</th>
<th>(4) ✓ if qualifies for (see inst.):</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Child tax credit</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Credit for other dependents</td>
</tr>
</tbody>
</table>

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature: ____________________________ Date: ____________ Your occupation: ____________________________

Spouse’s signature. If a joint return, both must sign.

If the IRS sent you an Identity Protection PIN, enter it here (see inst.).

Paid Preparer Use Only

Preparer’s name: ____________________________ Preparer’s signature: ____________________________

PTIN: ____________________________ Firm’s EIN: ____________________________

Firm’s name: ____________________________ Phone no.: ____________________________

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 11320B

OMB No. 1545-0074

IRIS Use Only—Do not write or staple in this space.
**Adjusted gross income:** If you have no adjustments to income, enter the amount from line 6; otherwise, subtract Schedule 1, line 36, from line 6.

**Taxable income:** Subtract lines 8 and 9 from line 7. If zero or less, enter -0-.

Go to www.irs.gov/Form1040 for instructions and the latest information.
Specific Changes of Note

- Tax rate reductions
- Child Tax/Other Dependent Credit
- Standard deduction/exemption changes
Effect of Standard Deduction & Exemption Changes

- Example: MFJ w/3 children, $24,000 federal standard deduction for 2018 is **$11,300** more than 2017 ($12,700)
- 2018 standard deduction ($13,000 pre-TCJA)
- 2018 exemption ($4,150 pre-TCJA) x5
- Difference = $24,000 - $13,000 - $20,750 = **($9,750)**

Bottom line: taxable income almost $10K higher
Specific Changes of Note

- Tax rate reductions
- Child Tax/Other Dependent Credit
- Standard deduction/exemption changes
- Itemized deduction changes
- QBI deduction
- NOLs