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Overview of the Tax Cuts and Jobs Act

Major tax reform that affects both individuals and businesses was enacted in December 2017. It's commonly referred to as the Tax Cuts and Jobs Act, TCJA or tax reform. Most of the changes in this legislation were effective in 2018 and affect tax year 2018 and beyond.

The IRS collaborates with the tax professional community, industry, and tax software partners each year as we implement changes to the tax law, including the Tax Cuts and Jobs Act, to ensure that our shared customer – you, the taxpayer - has information about how the law applies to your particular situation and you are prepared to file.

Using tax preparation software is the best and simplest way to file a complete and accurate tax return. The software guides you through the process and does all the math. Electronic filing options include IRS Free File for taxpayers who qualify, Free File Fillable Forms for all taxpayers, commercial software, and professional assistance. The IRS Volunteer Income Tax Assistance (VITA) and the Tax Counseling for the Elderly (TCE) programs offer free tax help and e-file for taxpayers who qualify.

This publication covers some of the provisions of the TCJA. It provides information for you and your family to help you understand, take action - if necessary - and comply with your federal tax return filing requirements.

It is not intended to replace or supersede IRS tax forms, instructions or other official guidance.

The official IRS.gov website includes a Tax Reform page that highlights what you need to know about the tax law changes. This page also provides links to news releases, publications, notices, and legal guidance related to the legislation.

What's New for Tax Year 2019?

Health care coverage, coverage exemption and shared responsibility payment

Under the Tax Cuts and Jobs Act, the amount of the individual shared responsibility payment is reduced to zero for months beginning after December 31, 2018.

Beginning in tax year 2019, Form 1040 will not have the "full-year health care coverage or exempt" box and Form 8965, Health Coverage Exemptions, will no longer be used.

You need not make a shared responsibility payment or file Form 8965, Health Coverage Exemptions, with your tax return if you did not have minimum essential coverage for part or all of 2019.

Repeal of deduction for alimony payments

You can't take a deduction for alimony payments you made to or for your former spouse if you executed your divorce or separation agreement after December 31, 2018, or if the agreement was executed on or before December 31, 2018, and was changed after December 31, 2018, to expressly provide that the TCJA provision on alimony applies to the alimony paid and received under the changed agreement. See Publication 504, Divorced or Separated Individuals for more information.

Deduction for medical and dental expenses modified by Public Law 116-94.

If you plan to itemize deductions, the adjusted gross income (AGI) threshold for deducting medical and dental expenses is 7.5 percent for all taxpayers for taxable years ending after 2018 and beginning before 2021 (i.e., for TY 2019 and for TY 2020).

Changes in Tax Rates

For 2018 through 2025, most tax rates have been reduced. This means most people will pay less tax than they did for 2017 and earlier years. The 2019 tax rates are 10%, 12%, 22%, 24%, 32%, 35%, and 37%.

In addition to lowering the tax rates, some of the changes in the law that affect you and your family include increasing the standard deduction, suspending personal exemptions, increasing the child tax credit, and limiting or discontinuing certain deductions.

Federal Income Tax Withholding May Need Adjustment

The Tax Cuts and Jobs Act changed the way taxable income is calculated and reduced the tax rates on that income.

The IRS had to address and make changes to income tax withholding in response to the new law as soon as possible after it passed. This issue affects every taxpayer who receives a paycheck.

The U.S. tax system operates on a pay-as-you-go basis. Taxpayers must generally pay at least 90 percent of their taxes throughout the year through withholding, estimated or additional tax payments or a combination of the two.

THIS MEANS THAT…you need to pay most of your tax during the year, as the income is earned or received. If you don't, you may owe an estimated tax penalty when you file.

For employees, income tax withholding is the amount of federal income tax withheld from your paycheck. The amount of income tax your employer withholds from your regular pay depends on two things:

- The amount you earn.
- The information you give your employer on Form W–4, Employee's Withholding Certificate.

The IRS completely redesigned the Form W-4, Employee's Withholding Certificate, which is the IRS form that employees provide to their employers, so that the employer may determine the amount of federal income tax to withhold from the employees' paychecks. The form helps employees adjust withholding based on their personal circumstances, such as whether they have children or a spouse who is also working. The IRS recommends employees check their withholding any time their personal or financial information changes.

The Form W-4 relates to an employee's federal income tax withholding. State income tax withholding is separate.

THIS MEANS THAT…you still need to check and adjust your withholding annually and make sure it is correct so there is no surprise at tax filing time.

Just as the amount of your withholding has changed based upon the change in tax rates, you may also need to adjust your withholding or make estimated or additional tax payments due to other changes in the tax law.

You should review your withholding annually to make sure you don't have too little or too much withheld from your paycheck.

To help with this, the IRS issued a Tax Withholding Estimator and updated Form W-4 to help you check and update your withholding with your employer, if necessary. You can use the estimator tool to estimate your income tax.

Paycheck Checkup

The Paycheck Checkup campaign encourages you to review your tax situation.

The new tax law could affect how much tax someone should have their employer withhold from their paycheck. To help with this, taxpayers can use the Tax Withholding Estimator on IRS.gov to prevent employees from having too little or too much tax withheld from their paycheck. Having too little tax withheld can mean an unexpected tax bill and even a penalty at tax time. You might prefer to have less tax withheld up front and receive more in your paycheck which may mean a lower refund or an unexpected tax bill. Or, you might prefer to make estimated or additional tax payments to avoid an unexpected tax bill and possibly a penalty.

Everyone should do an annual check of their withholding but this year is even more important, especially for taxpayers who:

- Belong to a two-income family.
- Work two or more jobs or only work for part of the year.
- Have children and claim credits such as the Child Tax Credit.
- Have older dependents, including children age 17 or older.

- Itemized deductions on their prior year's tax returns.
- Earn high incomes and have more complex tax returns.
- Received large tax refunds or had large tax bills for the prior year.

Changes in personal circumstances can make it necessary for a taxpayer to increase income tax withholding. Taxpayers whose circumstances have changed, including those who have divorced, started a second job, or whose child is no longer their dependent, may need to submit a new Form W-4 to their employer as soon as possible to have their withholding adjusted.

Taxpayers who work seasonal jobs or are employed part of the year should also perform a "paycheck checkup." Any changes that a part-year employee makes to their withholding can affect each paycheck in a larger way than employees who work year-round.

THIS MEANS THAT…Doing a checkup can help protect against having too little tax withheld and facing an unexpected tax bill and even a penalty at tax time. Some taxpayers might prefer to have less tax withheld up front and receive more in their paychecks, which would reduce their tax refund next year.

Updating Form W-4 After Doing a Paycheck Checkup

Taxpayers who use the estimator and determine that they need to change their withholding must fill out a new Form W-4, Employee's Withholding Certificate. Employees submit the completed Form W-4 to their employers. Do not send Form W-4 to the IRS.

Here are a few things for taxpayers to remember about updating Form W-4:

- The Tax Withholding Estimator will help determine if they should complete a new Form W-4.
- The Estimator will provide users the information to put on a new Form W-4.
- Taxpayers who use the Estimator to check their withholding will save time because they don't need to complete the Form W-4 worksheets. The Estimator does the worksheet calculations.
- Taxpayers who complete new Form W-4s should submit it to their employers as soon as possible. With withholding occurring throughout the year, it's better to take this step sooner, rather than later.

THIS MEANS THAT… Using the Tax Withholding Estimator can help you adjust your W-4 to possibly avoid an unexpected tax bill or penalty.

People who have too much tax withheld will get less money in their regular paycheck. Employees who have too little withheld are not paying enough taxes throughout the year, and they may face an unexpected tax bill and even a penalty when they file next year.

Having a completed tax return for the prior year can help taxpayers work with the Tax Withholding Estimator to determine their proper withholding and avoid issues when they file next year.

Making Estimated or Additional Tax Payments

Certain taxpayers - including those who don't have enough income tax withheld by their employer - may have to pay estimated taxes.

If the amount of income tax withheld from your salary or pension is not enough, or if you receive income such as interest, dividends, alimony, self-employment income, capital gains, prizes and awards, you may have to make estimated or additional tax payments.

The IRS encourages everyone to use the Tax Withholding Estimator to perform a quick "paycheck checkup." Having enough tax withheld or making estimated or additional tax payments during the year can help you avoid problems at tax time.

Taxpayers can adjust withholding on their paychecks or the amount of their estimated tax payments to help avoid an unexpected tax bill or prevent penalties.

Form 1040-ES, Estimated Tax for Individuals, available on IRS.gov, is designed to help taxpayers figure these payments simply and accurately. The estimated tax package includes a quick rundown of key tax changes, income tax rate schedules for the year and a useful worksheet for figuring the right amount to pay.

Taxpayers can pay their taxes throughout the year anytime.

For additional information, refer to Publication 505, Tax Withholding and Estimated Tax.

Changes to Standard Deduction

The standard deduction is a dollar amount that reduces the amount of income on which you are taxed and varies according to your filing status.

The standard deduction reduces the income subject to tax. The Tax Cuts and Jobs Act nearly doubled standard deductions. When you take the standard deduction, you can't itemize deductions for mortgage interest, state taxes and charitable deductions on Schedule A, Itemized Deductions.

The standard deduction for each filing status for tax year 2019 is:

Single..$12,200 ....(up from $12,000 in 2018)

Married filing jointly. Qualifying widow(er) ....$24,400 ....(up from $24,000 in 2018)

Married filing separately ....$12,200 ....(up from $12,000 in 2018)

Head of household ....$18,350 ....(up from $18,000 in 2018)

The amounts are higher if you or your spouse are blind or over age 65.

Most taxpayers have the choice of either taking a standard deduction or itemizing. If you qualify for the standard deduction and your standard deduction is more than your total itemized deductions, you should claim the standard deduction in most cases and don't need to file a Schedule A, Itemized Deductions, with your tax return.

THIS MEANS THAT… Many taxpayers will no longer itemize their deductions and have a simpler time in filing their taxes.

More than 9 out of 10 taxpayers use tax software or a paid preparer to file their taxes. Generally, you answer a series of questions in an interview format and the software or preparer chooses the best option (standard deduction or itemized deductions) for you. TCJA hasn't changed this process and the IRS has worked extensively with software developers and tax preparers to ensure that they are prepared to help you. IRS also provides training to and certifies volunteers in the Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) programs. If you qualify, these volunteers will help you file your taxes for free. For more information, see Free Tax Return Preparation for Qualifying Taxpayers on IRS.gov.

Changes to Itemized Deductions

In addition to nearly doubling standard deductions, the Tax Cuts and Jobs Act changed several itemized deductions that can be claimed on Schedule A, Itemized Deductions.

THIS MEANS THAT…Many individuals who formerly itemized may now find it more beneficial to take the standard deduction.

Almost everyone who previously itemized deductions is affected by changes from the Tax Cuts and Jobs Act. The changes to both the standard deduction and itemized deductions could affect how much you need to have your employer withhold from your pay. Even if you continue to itemize deductions, you should check your withholding.

You may not take the standard deduction if you claim itemized deductions. Alternatively, if you take the standard deduction, you may not claim itemized deductions. For married filing separate taxpayers, if one spouse elects to itemize, the other spouse is also required to itemize. That's why it is important that you consider what these changes mean for you and your family.

In general, for 2018 through 2025, the following changes have been made to itemized deductions that can be claimed on Schedule A.

Limit on overall itemized deductions suspended.

You may be able to deduct more of your total itemized deductions if your itemized deductions were limited in the past due to the amount of your adjusted gross income. The old rule that limited the total itemized deductions for certain higher-income individuals has been suspended.

THIS MEANS THAT…if you do itemize… your itemized deductions are no longer limited if your adjusted gross income is over a certain amount.

Deduction for medical and dental expenses modified.

You can deduct certain unreimbursed medical expenses that exceed 7.5% of your 2019 adjusted gross income. Before this law change, unreimbursed medical expenses had to exceed 10% of adjusted gross income for most taxpayers in order to be deductible.

THIS MEANS THAT…if you do itemize…you can deduct the part of your eligible medical and dental expenses that is more than 7.5 percent of your 2019 adjusted gross income.

WHAT'S NEXT FOR TAX YEAR 2020? If you plan to itemize for tax year 2020 your unreimbursed medical and dental expenses will have to exceed 7.5 of your 2020 adjusted gross income in order to be deductible.

Deduction for state and local income, sales and property taxes modified.

Your total deduction for state and local income, sales and property taxes is limited to a combined, total deduction of $10,000 ($5,000 if Married Filing Separate). Any state and local taxes you paid above this amount cannot be deducted.

No deduction is allowed for foreign real property taxes. Property taxes associated with carrying on a trade or business are fully deductible.

THIS MEANS THAT…if you do itemize… you can deduct state and local income, sales, and property taxes but only up to $10,000 ($5,000 if Married Filing Separate).

IRS Notice 2018-54 informs taxpayers that federal law controls the characterization of the payments for federal income tax purposes regardless of the characterization of the payments under state law.

Deduction for home mortgage and home equity interest modified.

Your deduction for mortgage interest is limited to interest you paid on a loan secured by your main home or second home that you used to buy, build, or substantially improve your main home or second home.

THIS MEANS THAT…if you do itemize… that interest paid on most home equity loans is not deductible unless the loan proceeds were used to buy, build, or substantially improve your main home or second home.

For example, interest on a home equity loan used to build an addition to an existing home is typically deductible, while interest on the same loan used to pay personal living expenses, such as credit card debts, is not.

As under prior law, the loan must be secured by the taxpayer's main home or second home (known as a qualified residence), not exceed the cost of the home and meet other requirements.

New dollar limit on total qualified residence loan balance.

The date you took out your mortgage or home equity loan may also impact the amount of interest you can deduct. If your loan was originated or treated as originating on or before Dec. 15, 2017, you may deduct interest on up to $1,000,000 ($500,000 if you are married filing separately) in qualifying debt. If your loan originated after that date, you may only deduct interest on up to $750,000 ($375,000 if you are married filing separately) in qualifying debt. The limits apply to the combined amount of loans used to buy, build or substantially improve the taxpayer's main home and second home.

THIS MEANS THAT…if you do itemize…for existing mortgages, you can continue to deduct interest on a total of $1 million in qualifying debt secured by first and second homes but for new homeowners buying in 2018 and beyond, you can only deduct interest on a total of $750,000 in qualifying debt for a first and second home.

The following examples illustrate these points.

Example 1: In January 2018, a taxpayer takes out a $500,000 mortgage to purchase a main home with a fair market value of $800,000. In February 2018, the taxpayer takes out a $250,000 home equity loan to put an addition on the main home. Both loans are secured by the main home and the total does not exceed the cost of the home. Because the total amount of both loans does not exceed $750,000, all of the interest paid on the loans is deductible. However, if the taxpayer used the home equity loan proceeds for personal expenses, such as paying off student loans and credit cards, then the interest on the home equity loan would not be deductible.

Example 2: In January 2017, a taxpayer takes out a mortgage to purchase a main home with a fair market value of $1.2 million. The loan is secured by the main home. In January 2018, the taxpayer takes out a $100,000 home equity loan when the balance of the first mortgage was $900,000. The taxpayer may deduct all of the interest from the first loan because the first loan was originated on or before Dec. 15, 2017. The taxpayer can deduct none of the interest on the home equity loan because the $750,000 limitation applicable to the home equity loan must be reduced (but not below zero) by the amount of the indebtedness incurred on or before December 15, 2017.

Example 3: In January 2018, a taxpayer takes out a $500,000 mortgage to purchase a main home. The loan is secured by the main home. In February 2018, the taxpayer takes out a $250,000 loan to purchase a vacation home. The loan is secured by the vacation home. Because the total amount of both mortgages does not exceed $750,000, all of the interest paid on both mortgages is deductible. However, if the taxpayer took out a $250,000 home equity loan on the main home to purchase the vacation home, then the interest on the home equity loan would not be deductible.

Example 4: In January 2018, a taxpayer takes out a $500,000 mortgage to purchase a main home. The loan is secured by the main home. In February 2018, the taxpayer takes out a $500,000 loan to purchase a vacation home. The loan is secured by the vacation home. Because the total amount of both mortgages exceeds $750,000, not all of the interest paid on the mortgages is deductible. A percentage of the total interest paid is deductible.

Special rules apply to maintain these limits if you refinance your debt. For more information, see Publication 936, Home Mortgage Interest Deduction

Limit for charitable contributions modified.

The limit on charitable contributions of cash has increased from 50 percent to 60 percent of your adjusted gross income.

THIS MEANS THAT…if you do itemize …you may be able to deduct more of your charitable cash contributions this year.

For more information, see Publication 526, Charitable Contributions.

Deduction for casualty and theft losses modified.

Net personal casualty and theft losses are deductible only to the extent they're attributable to a federally declared disaster. Claims must include the FEMA code assigned to the disaster. See Instructions for Form 4684, Casualty and Theft Losses, for more information about disasters.

The loss must still exceed $100 per casualty and the net total loss must exceed 10 percent of your AGI. In addition, you can still elect to deduct the casualty loss in the tax year immediately preceding the tax year in which you incurred the disaster loss.

THIS MEANS THAT…if you do itemize…your personal casualty and theft losses must be attributed to a federally declared disaster.

See IRS Publication 976, Disaster Relief, for information about personal casualty losses resulting from federally declared disasters that occurred in 2016, as well as certain 2017 disasters, including Hurricane Harvey, Tropical Storm Harvey, Hurricane Irma, Hurricane Maria, and the California wildfires, that may be claimed as a qualified disaster loss.

Miscellaneous itemized deductions suspended.

The previous deduction for job-related expenses or other miscellaneous itemized deductions that exceeded 2 percent of your adjusted gross income is suspended. This includes unreimbursed employee expenses such as uniforms, union dues and the deduction for business-related meals, entertainment and travel, as well as any deductions you may have previously been able to claim for tax preparation fees and investment expenses, including investment management fees, safe deposit box fees and investment expenses from pass-through entities. The business standard mileage rate cannot be used to claim an itemized deduction for unreimbursed employee travel expenses during the suspension.

THIS MEANS THAT…if you do itemize…if your miscellaneous itemized deductions previously needed to exceed 2% of your adjusted gross income, they are no longer deductible.

For more information, see Instructions for Schedule A, Itemized Deductions.

Deduction and Exclusion for Moving Expenses Suspended

The deduction for moving expenses is suspended. During the suspension, no deduction is allowed for use of an automobile as part of a move. This suspension does not apply to members of the U.S. Armed Forces on active duty who move pursuant to a military order related to a permanent change of station.

Also, employers will include moving expense reimbursements as taxable income in the employees' wages because the new law suspends the former exclusion from income for qualified moving expense reimbursements from an employer. This suspension does not apply to members of the U.S. Armed Forces on active duty who move pursuant to a military order related to a permanent change of station as long as the expenses would qualify as a deduction if the government didn't reimburse the expense.

THIS MEANS THAT… unless you are a member of the U.S. military on active duty, you cannot deduct moving expenses and amounts reimbursed by an employer will be taxable income.

Changes to Benefits for Dependents

Deduction for personal exemptions suspended

For 2018 through 2025, you can't claim a personal exemption deduction for yourself, your spouse, or your dependents. The personal exemption for tax year 2019 remains at 0, as it was for 2018.

THIS MEANS THAT…you will not be able to reduce the income that is subject to tax by the exemption amount for each person included on your tax return as you have in previous years.

However, changes to the standard deduction amount and Child Tax Credit may offset at least part of this change for most families and, in some cases, may result in a larger refund.

Child tax credit and additional child tax credit

For 2018 through 2025, the maximum credit is $2,000 per qualifying child. Up to $1,400 of the credit can be refundable for each qualifying child as the additional child tax credit. In addition, the income threshold at which the child tax credit begins to phase out is increased to $200,000, or $400,000 if married filing jointly.

THIS MEANS THAT… more families with children under 17 qualify for the larger credit.

See Publication 972, Child Tax Credit, for more information.

Credit for other dependents

For 2018 through 2025, a credit of up to $500 is available for each of your dependents other than children who can be claimed for the child tax credit. The dependent must be a U.S. citizen, U.S. national, or U.S. resident alien. The credit is calculated with the child tax credit in the form instructions. Both credits are reduced or eliminated when modified adjusted gross income exceeds $200,000, or $400,000 if married filing jointly.

THIS MEANS THAT…you may be able to claim this credit if you have dependents, including children age 17 or over, children with ITINs or ATINs, or other relatives or members of your household. See Publication 972, Child Tax Credit, for more information.

Social security number required for child tax credit

For 2018 through 2025, your child must have a Social Security Number issued by the Social Security Administration before the due date of your tax return (including extensions) to be claimed as a qualifying child for the Child Tax Credit or Additional Child Tax Credit. A child with an ITIN or ATIN can't be claimed for either credit.

If your qualifying child's immigration status has changed so that your child is now a U.S. citizen or permanent resident but the child's social security card still has the words "Not valid for employment" on it, ask the SSA for a new social security card without those words.

If your qualifying child doesn't have the required SSN, your child may still qualify you for the Credit for Other Dependents. This is a non-refundable credit of up to $500 per qualifying person. If your dependent child lived with you in the United States and has an SSN not valid for employment, or an ITIN or ATIN, but not an SSN, issued by the due date of your 2019 return (including extensions), you may be able to claim the new Credit for Other Dependents for that child.

Spouses and dependents residing outside the United States who use Individual Taxpayer Identification Numbers - a tax processing number issued by the IRS – should review the information on IRS.gov/ITIN to determine whether they need to renew an ITIN before filing a tax return next year. They do not need to renew their ITINs if they would have been claimed as dependents and not claimed for any other tax benefit.

Alternative minimum tax (AMT) exemption amount increased

The Alternative Minimum Tax exemption amount for tax year 2019 is $71,700 and begins to phase out at $510,300 ($111,700, for married couples filing jointly for whom the exemption begins to phase out at $1,020,600). The 2018 exemption amount was $70,300 and began to phase out at $500,000 ($109,400 for married couples filing jointly and began to phase out at $1 million).

THIS MEANS THAT…far fewer taxpayers will pay the AMT.

See the Instructions for Form 6251, Alternative Minimum Tax – Individuals for more information.

Repeal of deduction for alimony payments

Beginning with tax year 2019, alimony and separate maintenance payments are no longer includible in the recipient spouse's gross income and no longer deductible to the payer spouse, if the payments are made under a divorce or separation agreement executed after December 31, 2018, or under a divorce or separation agreement executed on or before December 31, 2018, but modified after that date to contain an express provision that the TCJA rule applies to the agreement. See Publication 504, Divorced or Separated Individuals.

THIS MEANS THAT… Beginning with tax year 2019, alimony or separate maintenance payments are not deductible from the income of the payer spouse, or includable in the income of the recipient spouse, if they are made under a divorce or separation agreement executed after Dec. 31, 2018, or under an agreement executed before 2019 but modified in 2019 or thereafter to contain an express provision to have the TCJA rule apply to it.

Treatment of student loans discharged on account of death or disability modified

TCJA modifies the exclusion of student loan discharges from gross income, by including within the exclusion certain discharges on account of death or disability. It applies to discharges of indebtedness after December 31, 2017, and before January 1, 2026.

THIS MEANS THAT…student loans discharged due to death or disability are not included in income.

Repeal of deduction for amounts paid in exchange for college athletic event seating rights

No charitable deduction shall be allowed for any amount paid to an institution of higher education in exchange for which the payor receives the right to purchase tickets or seating at an athletic event.

THIS MEANS THAT… "Seat license" or other fees paid in exchange for the right to buy seating at college athletic events are no longer deductible.

Combat zone tax benefits available to Armed Forces members who served in the Sinai Peninsula

Under the Tax Cuts and Jobs Act, members of the U.S. Army, U.S. Navy, U.S. Marines, U.S. Air Force, and U.S. Coast Guard who performed services in the Sinai Peninsula can now claim combat zone tax benefits retroactive to June 2015.

Eligible service members should review **Publication 3**, Armed Forces' Tax Guide, available on IRS.gov.

Reporting Health Care Coverage

Under the Tax Cuts and Jobs Act, for tax years 2019 and beyond, the shared responsibility payment is reduced to zero. Beginning in tax year year 2019, you no longer need to either make a shared responsibility payment or file Form 8965 to claim a coverage exemption if you don't have minimum essential health care coverage for part or all of 2019.

The "Full-year health care coverage or exempt" box has been removed from Form 1040. See **IRS.gov/aca** for more information and Pub 5187, ACA: What You and Your Family Need to Know.

THIS MEANS THAT... For tax year 2019 and beyond, you no longer need to report health care coverage, make a shared responsibility payment or file Form 8965 to claim a coverage exemption if you don't have minimum essential health care coverage for part or all of 2019.

Retirement Plans

Recharacterization of a Roth Conversion

You can no longer recharacterize a conversion from a traditional IRA, SEP or SIMPLE to a Roth IRA. The new law also prohibits recharacterizing amounts rolled over to a Roth IRA from other retirement plans, such as 401(k) or 403(b) plans. You can still treat a regular contribution made to a Roth IRA or to a traditional IRA as having been made to the other type of IRA.

See **IRA FAQS – Recharacterization of IRA Contributions** and **IRS.gov/taxreform** for more information.

Plan Loans to an Employee that Leaves Employment

If you terminate employment (or if the plan is terminated) with an outstanding plan loan, a plan sponsor may offset your account balance with the outstanding balance of the loan. If a plan loan is offset, you have until the due date, including extensions, to rollover the loan balance to an IRA or eligible retirement plan.

See Retirement Plans FAQs regarding Loans and IRS.gov/taxreform for more information.

Disaster Relief – Retirement Plans

Laws enacted in recent years make it easier for retirement plan participants to access their retirement plan funds to recover from disaster losses incurred in federally declared disaster areas. This disaster relief may allow affected taxpayers to:

- waive the 10% additional tax on early distributions and
- include a qualified hurricane distribution in income over a 3-year period
- repay their distributions to the plan
- have expanded loan availability
- extend the loan repayment period

See the Disaster Relief for Retirement Plans and IRAs page for more information.

ABLE Accounts – Rollovers from a 529 Plan

You can contribute more to your Achieving a Better Life Experience (ABLE) account. You may also rollover limited amounts from a 529 qualified tuition program account of the designated beneficiary to the ABLE account of the designated beneficiary to their family member.

See Guidance on Recontributions, Rollovers and Qualified Higher Education Expenses under Section 529 for more information.

ABLE Accounts - Saver's Credit now Available for Contributions

Beginning in 2018, the Saver's Credit can be taken for your contributions to an Achieving a Better Life Experience (ABLE) account if you're the designated beneficiary.

See the Retirement Savings Contributions Credit (Saver's Credit) page more information.

ABLE Accounts – Changes for People with Disabilities

The TCJA also enables eligible individuals with disabilities to put more money into their ABLE accounts, qualify for the Saver's Credit in many cases and roll money from their 529 plans -also known as qualified tuition programs - into their ABLE accounts.

See the Retirement Savings Contributions Credit (Saver's Credit) page for more information.

529 Plans - K-12 education

One of the TCJA changes allows distributions from 529 plans to be used to pay up to a total of $10,000 of tuition per beneficiary (regardless of the number of contributing plans) each year at an elementary or secondary (k-12) public, private or religious school of the beneficiary's choosing.

See Guidance on Recontributions, Rollovers and Qualified Higher Education Expenses under Section 529 for more information.