

2017 Tax Reform – Real Estate

2727 Allen Parkway
Suite 1700
Houston, Texas 77019
P: (713) 739-7007
F: (713) 739-8403
www.cjmhlaw.com

SEPTEMBER 13, 2018

CHRIS M. GOODRICH
CGOODRICH@CJMHLAW.COM

CRADY JEWETT McCULLY & HOUREN LLP

52ND ANNUAL WILLIAM W. GIBSON, JR. MORTGAGE
LENDING AND SERVICING INSTITUTE

This presentation was prepared for the 52nd Annual William W. Gibson, Jr. Mortgage Lending and Servicing Institute. Any statement in this presentation is not written or intended to be used, and cannot be used, for the purpose of (i) avoiding tax penalties, or (ii) promoting, marketing, or recommending to another person the tax treatment of any transaction or matter. Any recipient should seek advice based on the recipient's particular circumstances from an independent tax advisor.

Enactment Information & Today's Agenda

- Tax Cuts and Jobs Act (P.L. 115-97).
- Generally effective 12/22/2017.
- We have 30 minutes for a 75 minute presentation.
- Please note there's more information in these slides than will be discussed today.

Today's Agenda

- **Today's talking points:**
 - (1) tax changes for "C" corporations;
 - (2) some basic changes for individuals on their Form 1040's;
 - (3) the new §199A 20% deduction for pass-through entities;
 - (4) Opportunities Zones & 1031's;
 - (5) short term gain on certain carried interests; and
 - (6) new deduction limits on:
 - (i) post-2017 net operating losses ("NOLs") and
 - (ii) "excess business losses."

3

Residential Interest Expense

- * For personal residence mortgages in place **on or prior to 12/15/2017** or **after 12/31/2025**, only the interest accruing and paid on the first **\$1MM** of mortgage debt is deductible (including a refi if the refinanced debt not increased).
- * For personal residence mortgages in place **after 12/15/2017 but before 1/1/2026**, only the interest accruing and paid on the first **\$750,000** of mortgage debt is deductible.

4

Residential Interest Expense

- * The \$1M and \$750,000 limits apply to the combined level of mortgage debt on personal residences (e.g., primary plus vacation), i.e., the applicable limit is cumulative.
- * Regarding the previously available interest deduction for **home equity lines of credit** of up to \$100,000, this deduction is **suspended** from 1/1/2018 - 12/31/2025.

5

Standard Deduction

- * Effective 1/1/2018:
 - * **Standard deduction** raised to \$12,000 (for singles) and **\$24,000** (for MFJ/QW).
 - * After taking into account the \$10,000 deduction limit for sales tax and property tax (see the next slide), for many there will be **no extra tax benefit for making the first \$14,000 of charitable contributions.**
 - * If a taxpayer's itemized deductions won't exceed \$24,000 in given tax year, **consider the strategy of bunching itemized deductions in every other tax year** (e.g., 2 property tax payments in 1 calendar year or using a Fidelity donor advised fund for charitable contributions).

6

Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the [UT Law CLE eLibrary \(utcle.org/elibrary\)](http://utcle.org/elibrary)

Title search: 2017 Tax Reform - Real Estate

Also available as part of the eCourse

[2018 William W. Gibson, Jr. Mortgage Lending and Servicing eConference](#)

First appeared as part of the conference materials for the
52nd Annual William W. Gibson, Jr. Mortgage Lending and Servicing Institute session
"Tax Reform: What's Changed for Real Estate?"