**The Trump Tax Reform—A Year In Review**

It’s been less than 2 years since Congress made a major overhaul of the U.S. tax system. As we come to the end of the first tax season where most of those changes came into effect, we want to share our unique perspective on how our clients were impacted.

1. **GILTI** – This was a provision that was meant to discourage U.S. citizens from operating there business using non-U.S. companies. A lot was written about GILTI (including our firm) and how to live with these new laws. GILTI affected all of our clients who own and control Israeli corporations. In the end, the Department of Treasury came to their senses and published regulations that spared most of our clients of being subject to GILTI. Nonetheless, there are circumstances that GILTI cannot be [avoided](https://www.pstein.com/blog/finger-on-the-gilti-pulse/), and you should turn to your associate for guidance.
2. **ITINs** – Congress decided that if you child does not have a social security number by the time the tax years ends that child will not be eligible for the Child Tax Credit. In the past if your kids lived in the U.S. and had an ITIN; that was good enough to be eligible for the Child Tax Credit.
3. **Child Tax Credit** – A lot more people living abroad received refund checks this year, because Congress raised the amount of income one can earn and still be eligible for the credit. They also raised the amount of the refundable refund from $1,000 to $1,400 per child, and the total credit (including the non-refundable portion) to $2,000/child. There is no longer something called a tax exemption to reduce your taxable income.
4. **Itemized Deductions** – State income tax and real estate taxes are limited to $10,000 per year. Most miscellaneous deductions like financial consulting and accounting fees are no longer allowed. Real estate taxes on homes in Israel (arnona) are no longer deductible. This especially affected many people with large passive investments, who can no longer include K-1 portfolio deductions subject to the 2% floor.
5. **Section 199A** – This is a complicated provision, but it did provide a virtual deduction for many investors in U.S. real estate.
6. **Estate and Gift Tax Exemption** – This exemption soared to $11.2m, but may be short-lived if the Democrats take over the White House and Congress.
7. **Form 1040** – You need to watch a YouTube video to follow the changes to a Form that had not changed in at least 50 years. The IRS is changing it again for 2019, undoing some of their revisions.
8. **Standard Deduction** – This doubled to hopefully compensate you for your loss of exemptions and itemized deductions.

As you can see above some changes were beneficial to some and others were painful. If you have any questions or have not yet filed, please reach out to your associate to understand the above.