

¶110 Alternative Minimum Tax (AMT) for Individuals

NEW LAW EXPLAINED

Exemption amount and phaseout thresholds for individuals temporarily increased.—The AMT exemption amounts and phaseout thresholds are temporarily increased for individuals for tax years beginning after December 31, 2017, and before January 1, 2026 (Code Sec. 55(d)(4), as added by the Tax Cuts and Jobs Act. Beginning in 2018, the AMT exemption amounts are:

- \$109,400 for married individuals filing jointly or surviving spouses;
- \$70,300 for single or head of household filers; and
- \$54,700 for married individuals filing separately (i.e., 50 percent of the amount for married individuals filing jointly) (Code Sec. 55(d)(4)(A)(i), as added by the 2017 Tax Cuts Act).

The threshold amounts for phaseout or reduction of the AMT exemption amount are also temporarily increased after 2017. The phaseout threshold is \$1 million for married individuals filing jointly or surviving spouses, and 50 percent of this amount for all other individuals. Thus, the phaseout threshold is \$500,000 for an individual filing as single, head of household, or married filing separately (Code Sec. 55(d)(4)(A)(ii), as added by the 2017 Tax Cuts Act).

COMMENT

The exemption amount continues to phase out 25 percent for each \$1 that AMTI exceeds certain threshold amounts. Thus, the AMT exemption amount is completely phased out for an individual for 2018 when AMTI reaches \$1,437,600 if married individual filing jointly or surviving spouse, \$781,200 if filing as single or head of household, and \$718,800 if married filing separately.

COMMENT

The AMT exemption amount and phaseout threshold for an estate or trust are not impacted by the legislation and any of the temporary increases in the exemption amount and phaseout threshold for an individual. For 2018, the AMT exemption amount for an estate or trust is \$24,600 (but \$0 for portion of an electing small business trust), and the phaseout threshold is \$82,050 for 2018 (Rev. Proc. 2017-58). The corporate AMT is repealed effective for tax years beginning after December 31, 2017 (see ¶310).

In the case of any tax year beginning after 2018, the temporary increases in the AMT exemption amounts and phaseout thresholds are adjusted annually for inflation (Code Sec. 55(d)(4)(B), as added by the 2017 Tax Cuts Act). These adjustments are temporary increases only and no additional adjustment of the temporary increases will apply.

Effective date. The amendments made by this section apply to tax years beginning after December 31, 2017 (Act Sec. 12003(b) of the Tax Cuts and Jobs Act).