

## Internal Revenue Code Section 1(j)(2)

Tax imposed

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(j) Modifications for taxable years 2018 through 2025.

(1) In general.

In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026-

(A) subsection (i) shall not apply, and

(B) this section (other than subsection (i) ) shall be applied as provided in paragraphs (2) through (6) .

 (2) Rate tables.

(A) Married individuals filing joint returns and surviving spouses. The following table shall be applied in lieu of the table contained in subsection (a):

If taxable income is:	The tax is:
Not over \$19,050	10% of taxable income.
Over \$19,050 but not over \$77,400	\$1,905, plus 12% of the excess over \$19,050.
Over \$77,400 but not over \$165,000	\$8,907, plus 22% of the excess over \$77,400.
Over \$165,000 but not over \$315,000	\$28,179, plus 24% of the excess over \$165,000.
Over \$315,000 but not over \$400,000	\$64,179, plus 32% of the excess over \$315,000.
Over \$400,000 but not over \$600,000	\$91,379, plus 35% of the excess over \$400,000.
Over \$600,000	\$161,379, plus 37% of the excess over \$600,000.

(B) Heads of households. The following table shall be applied in lieu of the table contained in subsection (b):

If taxable income is:	The tax is:
Not over \$13,600	10% of taxable income.
Over \$13,600 but not over \$51,800	\$1,360, plus 12% of the excess over \$13,600.
Over \$51,800 but not over \$82,500	\$5,944, plus 22% of the excess over \$51,800.
Over \$82,500 but not over \$157,500	\$12,698, plus 24% of the excess over \$82,500.
Over \$157,500 but not over \$200,000	\$30,698, plus 32% of the excess over \$157,500.
Over \$200,000 but not over \$500,000	\$44,298, plus 35% of the excess over \$200,000.
Over \$500,000	\$149,298, plus 37% of the excess over \$500,000.

(C) Unmarried individuals other than surviving spouses and heads of households. The following table shall be applied in lieu of the table contained in subsection (c):

If taxable income is:	The tax is:
Not over \$9,525	10% of taxable income.
Over \$9,525 but not over \$38,700	\$952.50, plus 12% of the excess over \$9,525.
Over \$38,700 but not over \$82,500	\$4,453.50, plus 22% of the excess over \$38,700.
Over \$82,500 but not over \$157,500	\$14,089.50, plus 24% of the excess over \$82,500.
Over \$157,500 but not over \$200,000	\$32,089.50, plus 32% of the excess over \$157,500.
Over \$200,000 but not over \$500,000	\$45,689.50, plus 35% of the excess over \$200,000.
Over \$500,000	\$150,689.50, plus 37% of the excess over \$500,000.

(D) Married individuals filing separate returns. The following table shall be applied in lieu of the table contained in subsection (d):

If taxable income is:	The tax is:
Not over \$9,525	10% of taxable income.
Over \$9,525 but not over \$38,700	\$952.50, plus 12% of the excess over \$9,525.
Over \$38,700 but not over \$82,500	\$4,453.50, plus 22% of the excess over \$38,700.
Over \$82,500 but not over \$157,500	\$14,089.50, plus 24% of the excess over \$82,500.
Over \$157,500 but not over \$200,000	\$32,089.50, plus 32% of the excess over \$157,500.
Over \$200,000 but not over \$300,000	\$45,689.50, plus 35% of the excess over \$200,000.
Over \$300,000	\$80,689.50, plus 37% of the excess over \$300,000.

(E) Estates and trusts. The following table shall be applied in lieu of the table contained in subsection (e):

If taxable income is:	The tax is:
Not over \$2,550	10% of taxable income.
Over \$2,550 but not over \$9,150	\$255, plus 24% of the excess over \$2,550.
Over \$9,150 but not over \$12,500	\$1,839, plus 35% of the excess over \$9,150.
Over \$12,500	\$3,011.50, plus 37% of the excess over \$12,500.

(F) References to rate tables. Any reference in this title to a rate of tax under subsection (c) shall be treated as a reference to the corresponding rate bracket under subparagraph (C) of this paragraph, except that the reference in section 3402(q)(1) to the third lowest rate of tax applicable under subsection (c) shall be treated as a reference to the fourth lowest rate of tax under subparagraph (C) .

### (3) Adjustments.

(A) No adjustment in 2018. The tables contained in paragraph (2) shall apply without adjustment for taxable years beginning after December 31, 2017, and before January 1, 2019.

(B) Subsequent years. For taxable years beginning after December 31, 2018, the Secretary shall prescribe tables which shall apply in lieu of the tables contained in paragraph (2) in the same manner as under paragraphs (1) and (2) of subsection (f) (applied without regard to clauses (i) and (ii) of subsection (f)(2)(A) ), except that in prescribing such tables-

(i) subsection (f)(3) shall be applied by substituting "calendar year 2017" for "calendar year 2016" in subparagraph (A)(ii) thereof,

(ii) subsection (f)(7)(B) shall apply to any unmarried individual other than a surviving spouse or head of household, and

(iii) subsection (f)(8) shall not apply.

(4) Special rules for certain children with unearned income.

(A) In general. In the case of a child to whom subsection (g) applies for the taxable year, the rules of subparagraphs (B) and (C) shall apply in lieu of the rule under subsection (g)(1) .

(B) Modifications to applicable rate brackets. In determining the amount of tax imposed by this section for the taxable year on a child described in subparagraph (A) , the income tax table otherwise applicable under this subsection to the child shall be applied with the following modifications:

(i) 24-percent bracket. The maximum taxable income which is taxed at a rate below 24 percent shall not be more than the sum of-

(I) the earned taxable income of such child, plus

(II) the minimum taxable income for the 24-percent bracket in the table under paragraph (2)(E) (as adjusted under paragraph (3) ) for the taxable year.

(ii) 35-percent bracket. The maximum taxable income which is taxed at a rate below 35 percent shall not be more than the sum of-

(I) the earned taxable income of such child, plus

(II) the minimum taxable income for the 35-percent bracket in the table under paragraph (2)(E) (as adjusted under paragraph (3) ) for the taxable year.

(iii) 37-percent bracket. The maximum taxable income which is taxed at a rate below 37 percent shall not be more than the sum of-

(I) the earned taxable income of such child, plus

(II) the minimum taxable income for the 37-percent bracket in the table under paragraph (2)(E) (as adjusted under paragraph (3) ) for the taxable year.

(C) Coordination with capital gains rates. For purposes of applying section 1(h) (after the modifications under paragraph (5)(A) )-

(i) the maximum zero rate amount shall not be more than the sum of-

(I) the earned taxable income of such child, plus

(II) the amount in effect under paragraph (5)(B)(i)(IV) for the taxable year, and

(ii) the maximum 15-percent rate amount shall not be more than the sum of-

(I) the earned taxable income of such child, plus

(II) the amount in effect under paragraph (5)(B)(ii)(IV) for the taxable year.

(D) Earned taxable income. For purposes of this paragraph, the term "earned taxable income" means, with respect to any child for any taxable year, the taxable income of such child reduced (but not below zero) by the net unearned income (as defined in subsection (g)(4) ) of such child.

(5) Application of current income tax brackets to capital gains brackets.

(A) In general. Section 1(h)(1) shall be applied-

(i) by substituting "below the maximum zero rate amount" for "which would (without regard to this paragraph) be taxed at a rate below 25 percent" in subparagraph (B)(i) , and

(ii) by substituting "below the maximum 15-percent rate amount" for "which would (without regard to this paragraph) be taxed at a rate below 39.6 percent" in subparagraph (C)(ii)(I).

(B) Maximum amounts defined. For purposes of applying section 1(h) with the modifications described in subparagraph (A) -

(i) Maximum zero rate amount. The maximum zero rate amount shall be-

(I) in the case of a joint return or surviving spouse, \$77,200,

(II) in the case of an individual who is a head of household (as defined in section 2(b) ), \$51,700,

(III) in the case of any other individual (other than an estate or trust), an amount equal to  $\frac{1}{2}$  of the amount in effect for the taxable year under subclause (I) , and

(IV) in the case of an estate or trust, \$2,600.

(ii) Maximum 15-percent rate amount. The maximum 15-percent rate amount shall be-

(I) in the case of a joint return or surviving spouse, \$479,000  $\frac{1}{2}$  such amount in the case of a married individual filing a separate return),

(II) in the case of an individual who is the head of a household (as defined in section 2(b) ), \$452,400,

(III) in the case of any other individual (other than an estate or trust), \$425,800, and

(IV) in the case of an estate or trust, \$12,700.

(C) Inflation adjustment. In the case of any taxable year beginning after 2018, each of the dollar amounts in clauses (i) and (ii) of subparagraph (B) shall be increased by an amount equal to-

(i) such dollar amount, multiplied by

(ii) the cost-of-living adjustment determined under subsection (f)(3) for the calendar year in which the taxable year begins, determined by substituting "calendar year 2017" for "calendar year 2016" in subparagraph (A)(ii) thereof.

If any increase under this subparagraph is not a multiple of \$50, such increase shall be rounded to the next lowest multiple of \$50.

(6) Section 15 not to apply.

Section 15 shall not apply to any change in a rate of tax by reason of this subsection .

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