

THE ROAD AHEAD ... SIMPLIFIED OVERVIEW OF INDIVIDUAL INCOME TAX DETERMINATION

(Tax Years 2018-2025, as anticipated by 2017 Tax Act)

(rev. Oct. 2020)

GROSS INCOME Inclusions (§ 61 & others); Exclusions (§§ 101 +)
minus DEDUCTIONS Deductions listed in § 62 (“above-the-line” deductions)

equals ADJUSTED GROSS INCOME

minus either:
STANDARD DEDUCTION § 63(c)
or
ITEMIZED DEDUCTIONS Any allowable deduction not listed in § 62

minus QUALIFIED BUSINESS INCOME DEDUCTION (§ 199A)

equals TAXABLE INCOME

apply tax rates or tax tables § 1 or § 3
to determine TAX BEFORE CREDITS

minus TAX CREDITS various Code sections

equals TAX DUE (must also consider Alternative Minimum Tax)