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## Taxpayers May Not Prepay Income Tax to Avoid Cap on SALT Deduction

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The federal tax reform package recently approved by Congress (the Bill) contains a cap on the state and local tax deduction that may be claimed by individuals on their federal income tax returns. The Bill provides that an individual may claim up to \$10,000 of state and local property taxes and either income or sales taxes. The cap expires on January 1, 2026.

Individual taxpayers who have been considering prepaying their 2018 (or later) taxes in 2017 should be aware that the final version of the Bill contains a provision that prohibits individuals from prepaying their income tax for future years in 2017. As a result, any guidance issued by state revenue departments (for example, in Illinois) regarding the prepayment of 2018 income tax *is no longer applicable*. In certain jurisdictions, individuals may still have an opportunity to prepay their property tax assessments. For additional details, please contact your tax preparer.

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