Supreme Court Rejects Case to Throw Out Federal Caps on State and Local Tax Deductions

April 18, 2022 - The US Supreme Court (SCOTUS) has rejected a law suit filed by four states to end the current caps on state and local income tax deductions imposed in the 2017 Trump Administration tax overhaul. The caps limit filers to deducting a maximum of $10,000 for property and income taxes paid to state and local governments. Prior to the laws passage, there were no caps on the amount that could be deducted.

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The suit was filed by four high-tax states that included New York, Maryland, New Jersey and Connecticut. These states claimed that the law was unconstitutional and violated 10th and 16th Amendments. But all of the lower courts that reviewed the case rejected that argument.

The SCOTUS rejection was unsigned and no reason was given for the decision. But the decision pretty clearly indicates that congress was within their rights by enacting the law. So the only way to change the current structure is for congress to modify the tax code.
by Jim Malmberg
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