2018—TAX INFO YOU NEED **BUSINESS**

The Impact of Tax Law Changes For 2018 Filing Season

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- ✓ Please share this newsletter with your friends and co-workers
    - o We do not charge for initial consultations.

Business changes

- Unlike personal tax changes, business tax changes are permanent.

Small business deduction:

Pass through businesses, Subchapter S Corporations, Partnerships, and sole proprietors, are allowed a deduction of 20% of net business income. The deduction is allowed on the taxpayer's personal tax return, not the business tax return. The deduction is not available to personal service companies with income above $157,500.00 for individuals and $315,000.00 for married filing jointly status. There are limitations for non-personal service companies with income above those limits.

Like Kind Exchanges:

Like kind exchanges are allowed only for qualified real property exchanges beginning in 2018.

Net Operating Losses:

Beginning in 2018, net operating losses can be carried forward for an unlimited number of years. The NOL deduction is limited to 80% of taxable income. No carry back is allowed except for farming.

Bonus Depreciation:

Bonus depreciation is now allowed for both new and used purchases. Bonus depreciation can be elected for 100% of the cost of eligible property through 2022.

Entertainment expense:

Entertainment expense is no longer deductible. Entertainment expense relates to any activity generally considered to be entertainment, amusement, or recreation and includes dues for any club organized for business, pleasure, recreation, or social purposes.

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Questions:

While we are fairly certain of the above changes and some others as well, we will not know the full impact of the new tax law until we have had a chance to fully analyze the impact. The law is 1,097 pages long and in many cases references changes to code sections, so analysis will take time. We will, however, be happy to answer your questions and discuss the impact on your tax situation. Call or make an appointment.

Contact Us When You Have Significant Life Changes:

There are numerous events that occur during the year that can impact your tax situation. Preparing your tax return involves summarizing transactions that occurred during the prior year. In most situations, the tax impact is established at the time the transaction occurs. However, negative income tax effects can frequently be avoided with proper tax planning. Please contact us in advance if you have questions about the tax consequences of an event, including the following:

- Pension or IRA distributions
- Significant change in income of deductions
- Job changes
- Marriage
- Attainment of age 59 ½ or 70 ½
- Sale of purchase of a business
- Sale or purchase of a residence or other real estate
- Retirement
- **Notice from IRS or other taxing authority**
- Divorce or separation
- Self-employment
- Charitable contributions of property in excess of $5,000.00