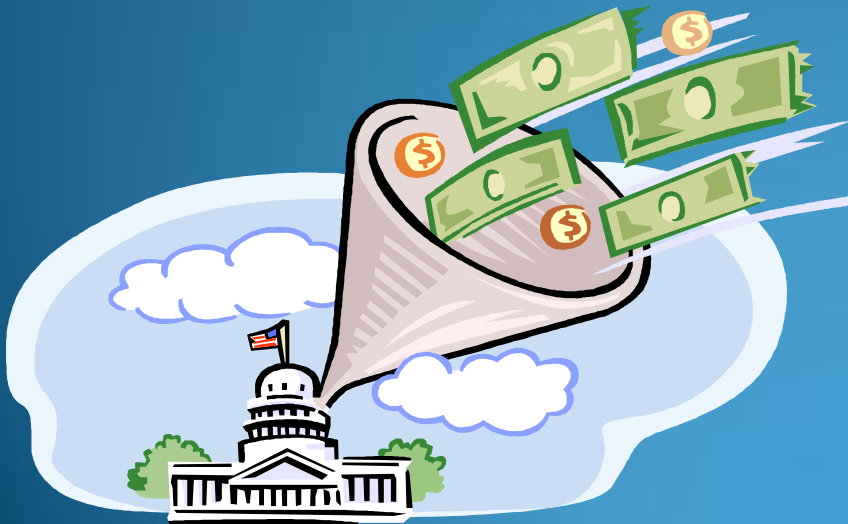


The Tax Consequences of the Patient Protection and Affordable Care Act

Presented By:

Michael D. Koppel, CPA, PFS



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Today's Presenter



Michael D. Koppel, CPA, PFS
mkoppel@gggcpas.com





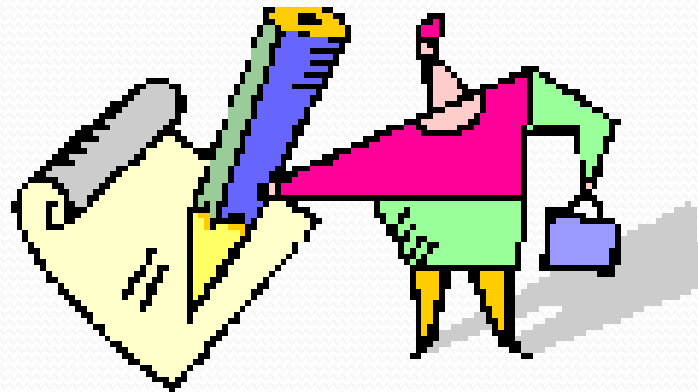
**INDIVIDUAL
MANDATE**

LARGEST TAX LAW CHANGE IN 20 YEARS



NEEDED REGULATIONS:

IRS
DOL



HIGH INCOME INDIVIDUALS

SINGLE AGI - \$200,000

MFJ AGI - \$250,000



WHAT IS A TAXPAYER'S FAIR SHARE?

MIKE'S ANSWER



YOU PAY

I DON'T!



AGI

**NUMBER ON BOTTOM OF PAGE 1
BEFORE EXEMPTIONS & DEDUCTIONS**



EARNED INCOME

.9%

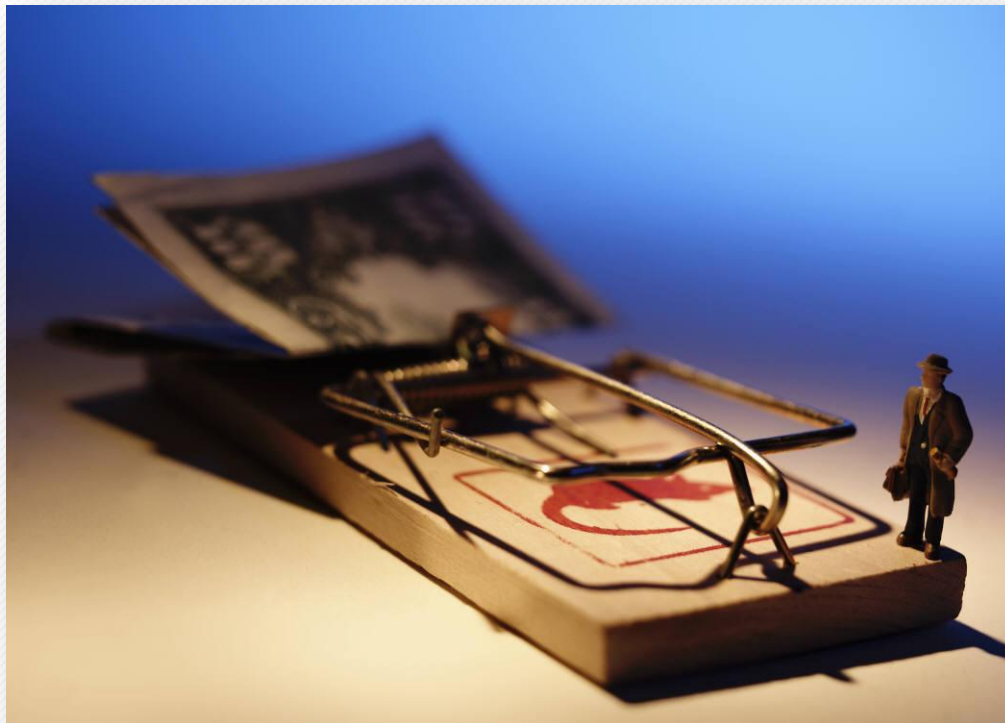
\$86.8 BILLION OVER 10 YEARS



REQUIRED WITHHOLDING

(over \$200,000)

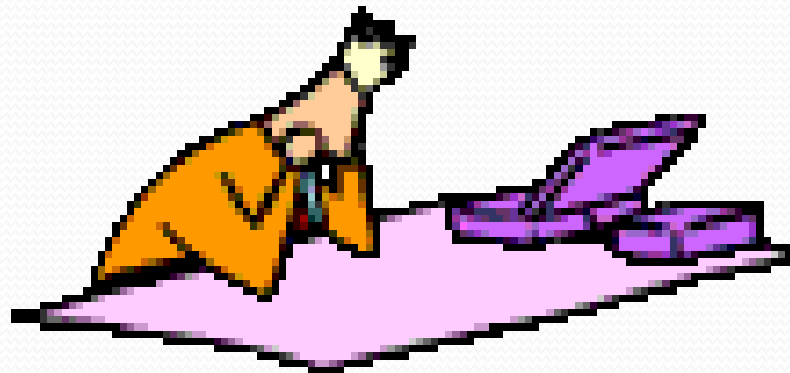
JOINT FILER TRAP



WHY PLANNING IS IMPORTANT NOW

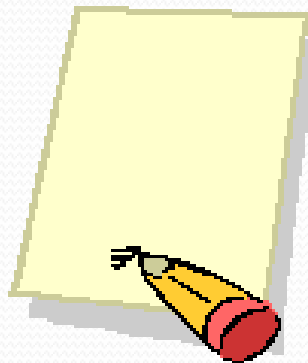
S-CORP

PARTNERSHIP



PARTNERSHIPS

- SPOUSES TREATED THE SAME
- IMPORTANCE OF CLASSIFICATION ON 1065
- GUARANTEED PAYMENT
- REAL ESTATE PROFESSIONAL



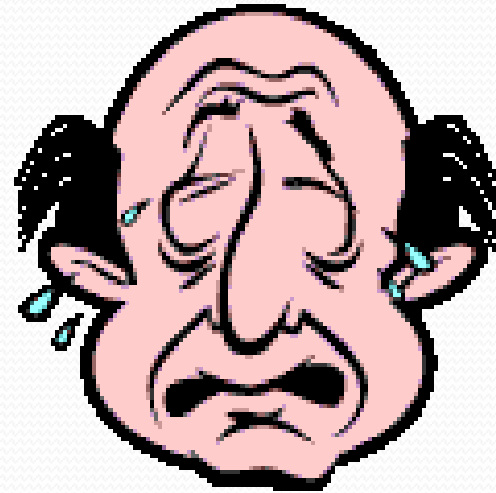
LESSER OF INVESTMENT INCOME OR AMOUNT IN EXCESS OF “HIGH INCOME”

\$123.4 BILLION OVER 10 YEARS



3.8%

- INTEREST
- DIVIDENDS
- RENTS
- ROYALTIES
- ANNUITIES



GAIN ON SALE

**NET GAIN FROM SALE OF PROPERTY
OTHER THAN PROPERTY HELD IN
TRADE OR BUSINESS THAT IS NOT
PASSIVE**



CAPITAL GAIN HARVESTING?



INCOME FROM PASSIVE INCOME

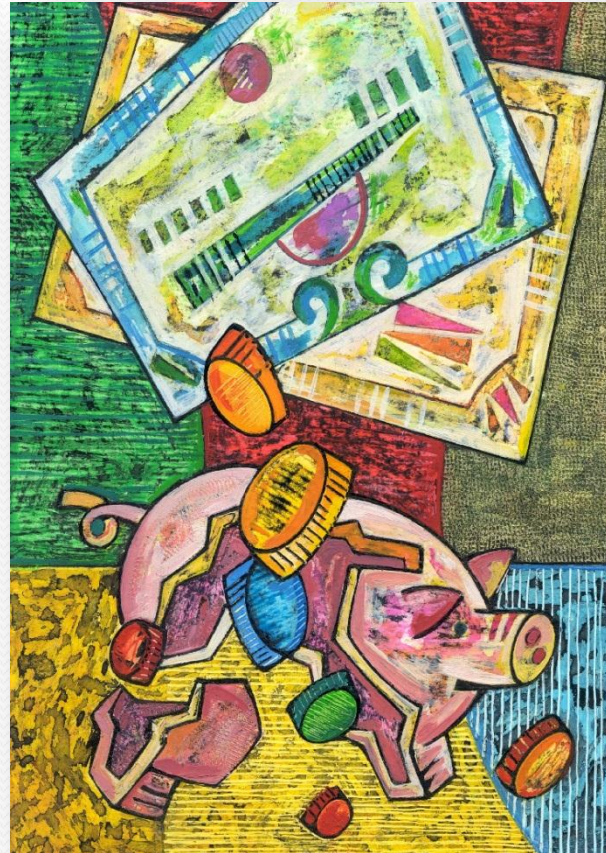
IRC 469

PARTNERSHIPS

S-CORPS



ROTH IRA ?

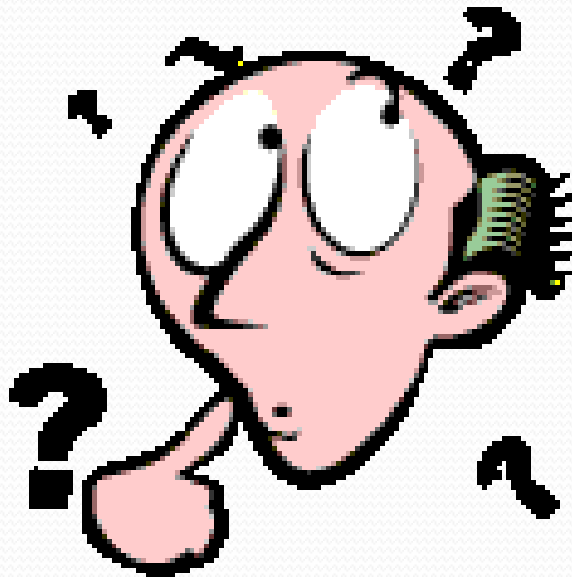


TRUSTS DO NOT ESCAPE

**LESSER OF:
UNDISTRIBUTED INVESTMENT INCOME
& AMOUNT OVER
HIGHEST TAX BRACKET (\$12,000)**



CODIFICATION OF ECONOMIC SUBSTANCE DOCTRINE



W-2 REPORTING OF EMPLOYER PROVIDED HEALTH INSURANCE FOR BUSINESSES WITH MORE THAN 250 W-2s



MEDICAL DEDUCTION RAISED to 10% FROM 7.5% EXEMPTION FOR THOSE 65 OR OLDER



40% TAX ON
CADILLAC PLANS (2018)
PAID BY INSURANCE COMPANY



FLEXIBLE SPENDING ARRANGEMENT **(FSA) CONTRIBUTION** **LIMITED TO \$2,500**



Patient-Centered Outcomes Research Institute (PCORI) Fee

\$2 PER AVERAGE COVERED LIFE

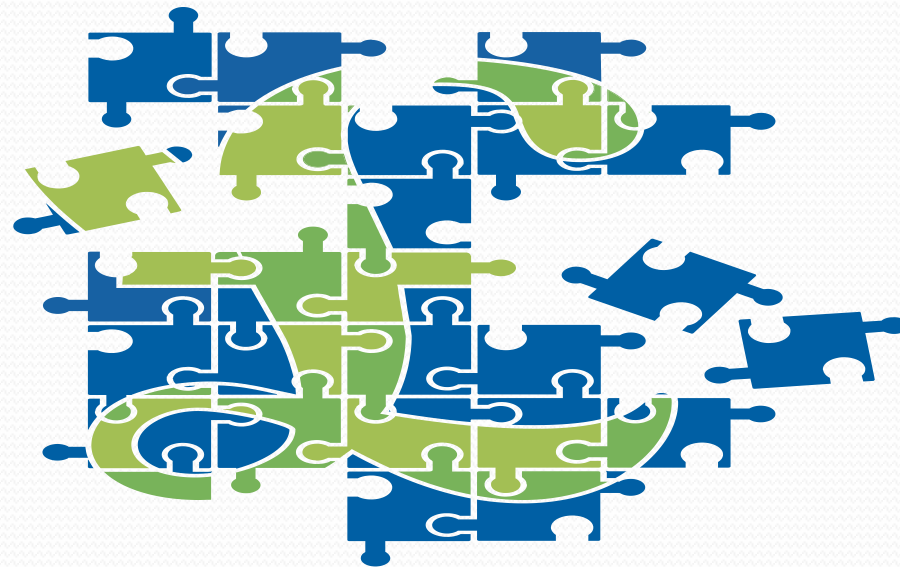
EFFECTIVE YEARS ENDING AFTER 9/30/12



EMPLOYER MANDATE

“PAY OR PLAY”

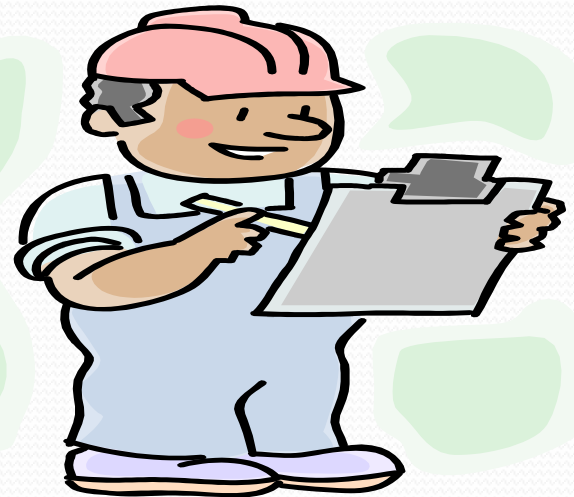
THERE IS STILL A LOT WE DON'T KNOW



TARGETED INDUSTRIES



**BIG
SALE**



REQUIRED FOR BUSINESSES WITH 50 OR MORE FTE

RELATED PARTIES COUNT





MINI-MED PLANS

SHARED RESPONSIBILITY PENALTY

- MINIMUM ESSENTIAL COVERAGE and
- PAY NO MORE THAN 9.5% OF INCOME

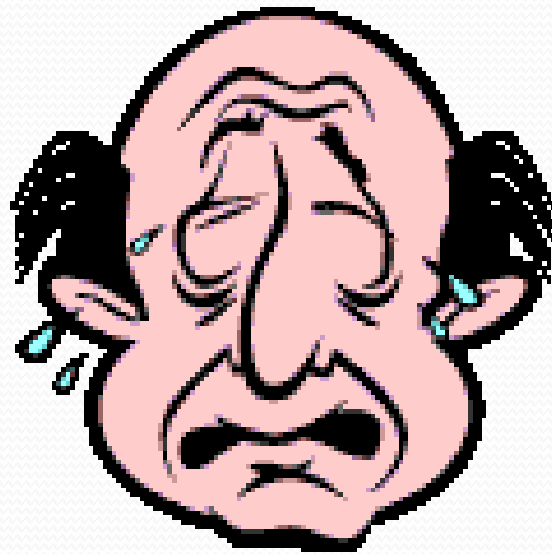


PENALTY

- **\$2,000 PER FULL TIME EMPLOYEE**
- **30 HOURS PER WEEK**
- **1ST 30 EMPLOYEES FREE**



NOT TAX DEDUCTIBLE!

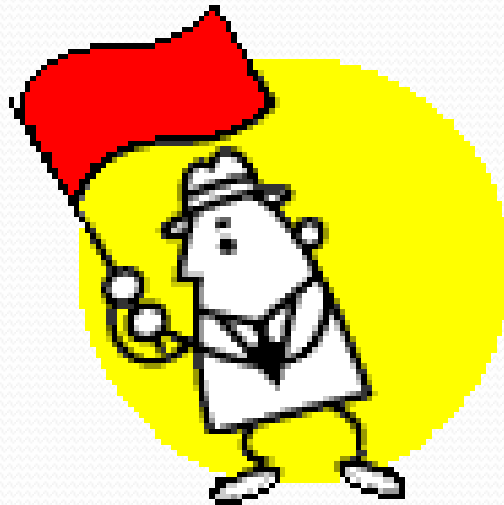


**EMPLOYER FAILS TO OFFER
INSURANCE THAT EQUALS AT
LEAST 60% OF COVERED
EXPENSES OR EMPLOYEE HAS
TO PAY MORE THAN 9.5% OF
INCOME AND AT LEAST 1
EMPLOYEE GETS PREMIUM
CREDIT IN EXCHANGE**

**\$3,000 PER EMPLOYEE
THAT RECEIVE CREDIT
NOT TO EXCEED OTHER PENALTY**



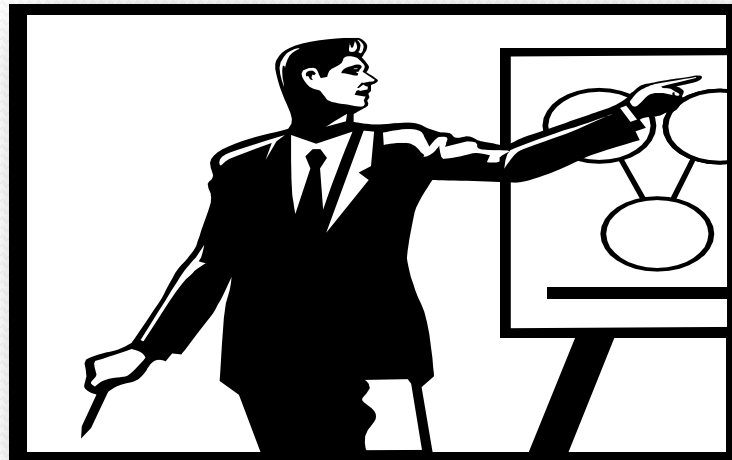
SELF-INSURED PLANS AT RISK?



YEAR END TAX SEMINARS

SAVE THE DATE

- **NOVEMBER 28 – Westborough**
- **NOVEMBER 29 – Westwood (Exclusively for Clients)**
- **DECEMBER 4 - Westwood**



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Questions?



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