

The background features a complex, abstract design. It consists of numerous overlapping, colorful loops and shapes in shades of red, blue, green, yellow, and purple. In the lower right quadrant, there is a cluster of colorful numbers (1 through 9) arranged in a roughly circular pattern. The overall aesthetic is modern and dynamic.

What You Need to Know About the Tax Cuts and Jobs Act

January 4, 2018

Disclaimer

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Michael D. Koppel is a Certified Public Accountant in Massachusetts and is a Retired Partner at Gray, Gray & Gray, LLP.

Welcome



Michael Koppel, CPA, MBA, MSA, PFS, CITP

Retired Partner

Gray, Gray & Gray, LLP

617.775.2129

mkoppel@gggcpas.com

mike@thekoppels.com

Politics



Tax Reform?

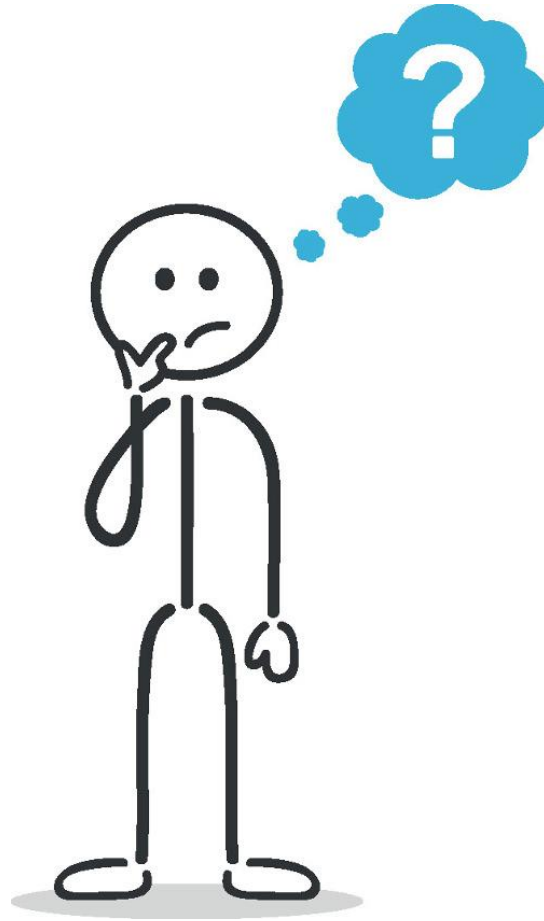
Most Substantial Tax Reform Since TRA 86



Regulations



Late Phase-Out/Expirations



Shallow Dive



Pass-Through Exclusion

New Code Section 199A

January 25, 2018 at 2:00pm

Tax Reform?

Winners and Losers



Winners & Losers

What Is The Real Reason for Legislation?



Business Provisions

Choice of Entity - A New Ballgame?



\$25,000,000 Test

- Cash Basis (for allowed entities)
- No Required Inventory
- No Uniform Capitalization (263A)



Sexual Harassment

No Deduction for Sexual Harassment/Abuse – With Nondisclosure

Production Deduction § 199

REPEALED



Like-Kind Exchange § 1031

- Real Estate Only Continues
- Not Primarily Held for Resale
- All Other Out



Corporate AMT

GONE



Corporate Tax Rate

Flat 21%



Bonus Depreciation

- 100% Part 2017 THRU 2022
- Then Phased Down
- Eliminates Original Use Provision (Used Property)
- No Limit

§ 179

- Threshold Increased to \$1,000,000
- Phase-Out Starts at \$2,500,000



- Now Includes Furnishing Lodging, and Roofs, HVAC, Fire Protection and Alarm Systems, and Security Systems for Nonresidential Real Property



Entertainment Deduction

Entertainment, Meals, Club Dues,
Etc. Deduction Repealed



Paid Family/Medical Leave

- 12.5% of Qualifying When Paid
- Provide 2 Weeks per year to Full Time Employees
- Standard Payment Rate 50%
- Credit Increase with Increased Payment



Individual Items



Individual Mandate

- Penalty Reduced To Zero
- Does Not Affect Business Mandate
- Does Not Affect Business Reporting



Individual Tax Rates

	JOINT	INDIVIDUAL
10%	0-19,050	0 - 9,525
12%	19,050 – 77,400	9,525 – 38,700
22%	77,400 – 165,000	38,700 – 82,500
24%	165,000 – 315,000	82,500 – 157,500
32%	315,000 – 400,000	157,500 – 200,000
35%	400,000 – 600,000	200,000 - 500,000
37%	Over 600,000	OVER 500,000

Special High Income Taxes

- 3.8% and .9% Still in Place
- 20% Long Term Capital Gains and Qualified Dividends



Standard Deduction

- Doubled
 - Individual \$12,000
 - MFJ \$24,000
- Extra for Elderly/Blind Maintained



Individual AMT

- Maintained
- Higher Exclusion
 - Single &70,300 / \$54,300
 - MFJ \$109,400 / \$84,500
- Thresholds Increased
 - Single \$500,000 / \$120,700
 - MFJ \$1,000,000 / \$160,900

Individual AMT

Does Anyone Care?



Deductions

**You
Deducted
What?!**



Home Interest

- Acquisition Interest Reduced to \$750,000
- \$100,000 Home Equity Repealed
- Lots of Transition Rules



State & Local Taxes

State & Local Income, Real Estate,
Sales Tax Limited to \$10,000

Effect on AMT



Medical Expense Deduction

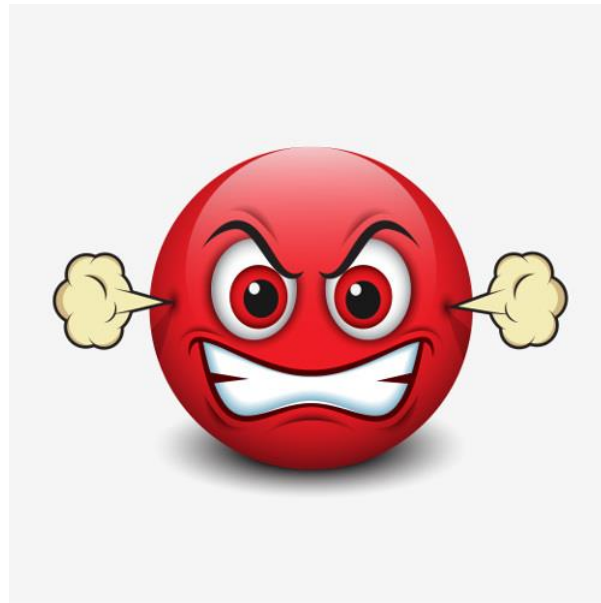
Threshold Increased to 10% in 2019



Misc Itemized Deductions

Most Misc Itemized Deductions Axed Including:

- Trustee, Investment Management and Custodial Fees, and Attorney/Accounting Fees



Exemptions

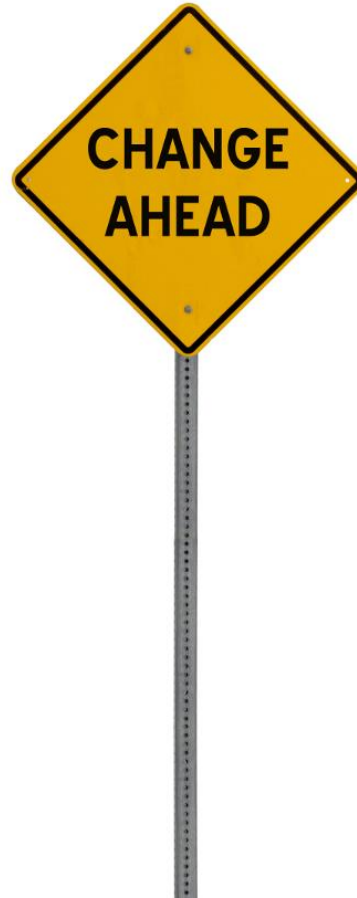


Child Tax Credit

- Increased to \$2,000
- \$1,400 Refundable
- Phase-Out MFJ Increased to \$400,000



Kiddie Tax



Carried Interest

3 Year Holding Period



529 Plans

Expanded to Elementary or Secondary
Public, Private, Home School, or Religious
School

- Limited to \$10,000 per year



Estate & Gift

Estate Gift & GST Exemption
Increased to \$11,200,000



College Endowment

- \$500,000 or More per Student
- 1.4% Tax on Income
- Estimate 40 Schools

Questions



Michael Koppel, CPA, MBA, MSA, PFS, CITP

Retired Partner

Gray, Gray & Gray, LLP

617.775.2129

mkoppel@gggcpas.com

mike@thekoppels.com

Contact Us

LET'S MEET

Gray, Gray & Gray, LLP
150 Royall Street | Canton, MA 02021

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