

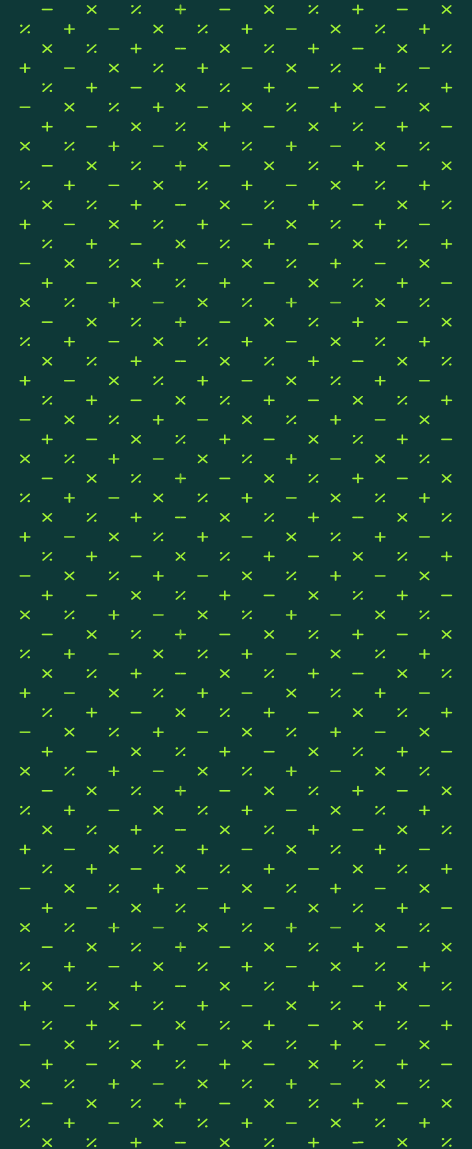


MOSSADAMS

# Tax Reform Overview

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Olga A. Darlington, Partner



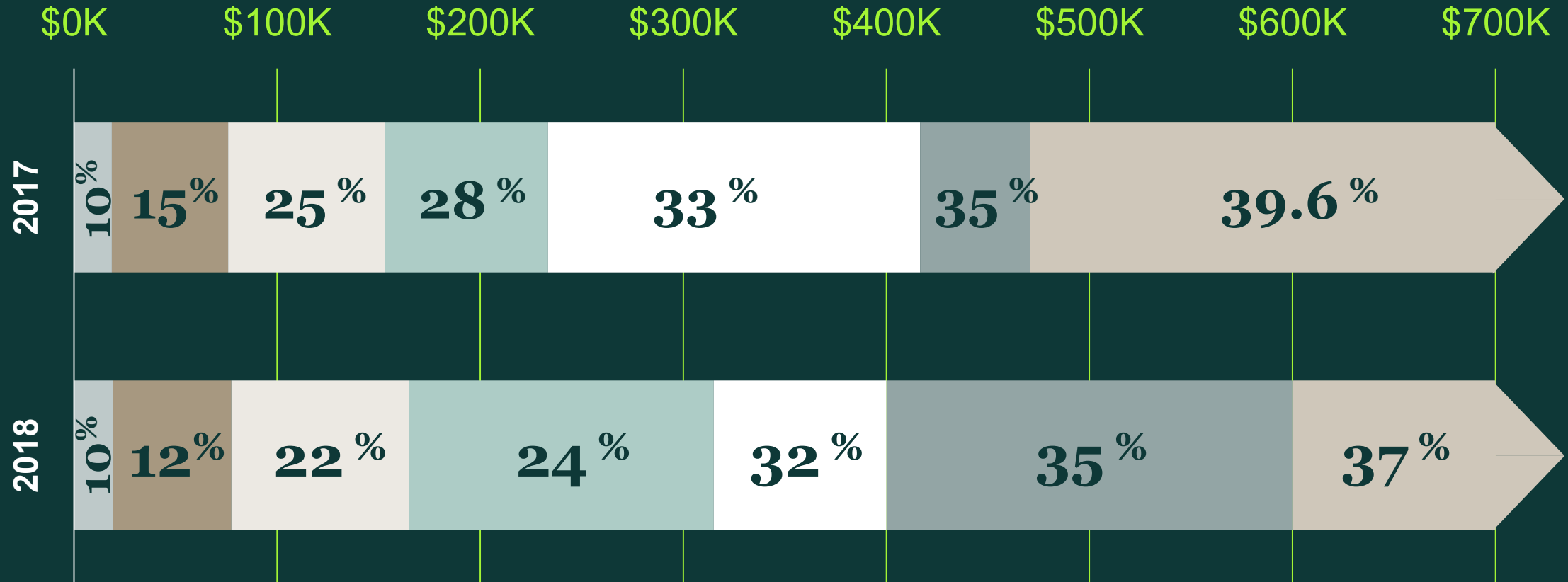
# Individual Provisions

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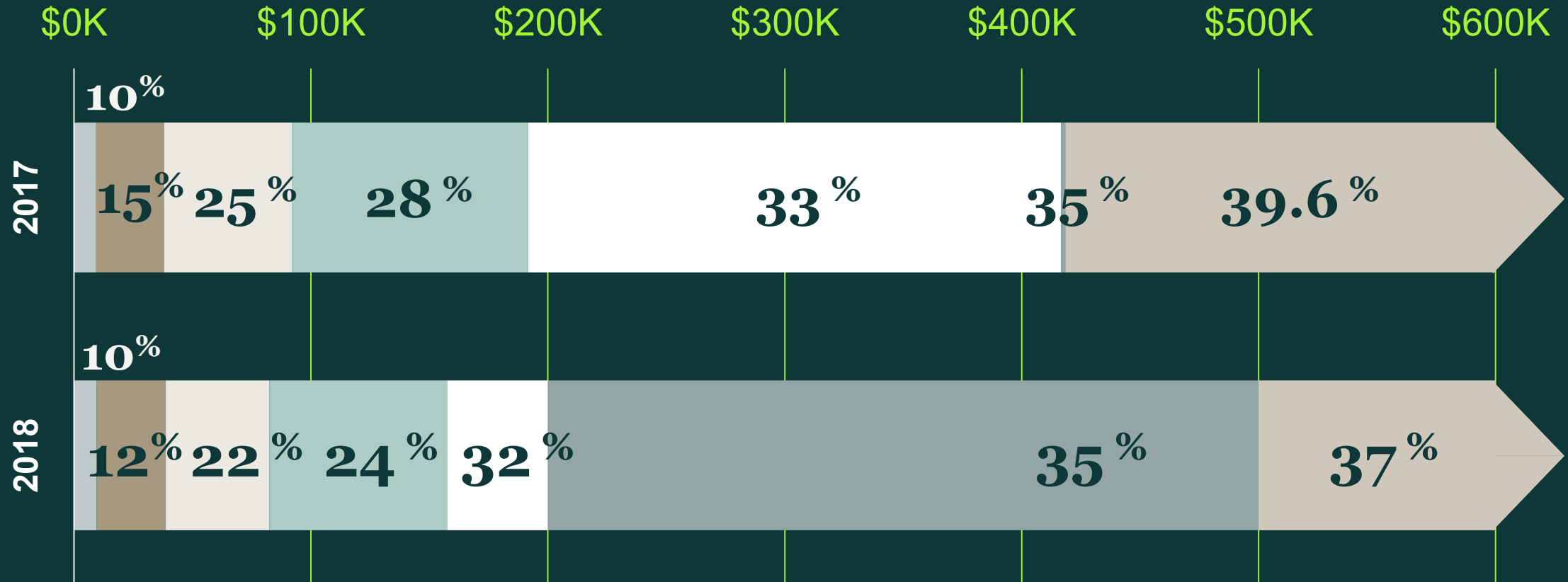
# Income Brackets & Tax Rates

MARRIED FILING JOINTLY



# Income Brackets & Tax Rates

SINGLE





# Individual Changes

	Personal Exemptions Suspended until 2026	Standard Deduction Raised until 2026	Alternative Minimum Tax Exemption Raised until 2026	
			EXEMPTION	EXEMPTION PHASEOUT
Married Filing Jointly	X	\$24,000	\$109,400	\$1,000,000
Head of Household		\$18,000	\$70,300	\$500,000
Single		\$12,000		





# Itemized Deductions

Provision	Pre-Reform Law	Reform Act
 Itemized Deduction Limitation	Total itemized are reduced by 3% of AGI for taxpayers over a threshold	<b>Suspends</b> limitation for tax years beginning after Dec. 31, 2017 and before Jan. 1, 2026
 Charitable Contributions	Limitation of Charitable deduction is 50% of AGI	AGI limitation on deduction <b>increases to 60%</b> of AGI in tax years beginning after 2017 and before 2026



# Itemized Deductions

Provision	Pre-Reform Law	Reform Act
 Mortgage Interest Deduction	Deduction on first \$1 million that secures primary or secondary residences, plus \$100k of home equity debt	<b>Suspends</b> deduction for home equity debt and reduces limitation to <b>\$750k</b> (for debt incurred after 12/15/17) until 2026
 Medical Expenses	Deductible to extent exceeds 10% of AGI	Lowers 10% threshold to <b>7.5%</b> for tax years 2017 and 2018



# Suspended Itemized Deductions

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## 2% Miscellaneous Itemized Deductions

Suspended for tax years beginning before January 1, 2026

- Expenses for production of income
  - Investment fees
  - Hobby expenses
  - Safe deposit boxes
- Tax Preparation Expenses
- Unreimbursed Employee Expenses
  - Home office deduction
  - Educator expenses
  - Union dues








# Business Provisions

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# Corporate Provisions

Provision		Pre-Reform Law		Reform Act
	Corporate Income Tax Rate	35% top rate		<b>21% flat rate</b> ; effective 1/1/2018; blended rate for fiscal taxpayers
	Corporate AMT	Applies		<b>Repealed</b>
	Dividends Received Deduction	If own <20%	70%	<b>50%</b>
		If own 20%–80%	80%	<b>65%</b>
		If own >80%	100%	<b>100%</b>






# Fringe Benefits & Entertainment Expenses

Provision	Pre-Reform Law	Reform Act
 <p>Entertainment or Recreation Expenses</p>	<p>50% deductible to the extent directly related to, or associated with, an active conduct of a trade or business</p>	<p><b>Repealed</b> – no deduction allowed for expenses even if directly connected to the business (meals still 50% deductible)</p>
 <p>Food &amp; Beverage Expenses for Employees (on-site cafeteria or de minimis meals)</p>	<p>100% deductible, if considered a de minimis fringe benefit</p>	<p>50% deductible if de minimis and for convenience of employer – <b>after 2025</b>, expenses related to on-site cafeteria not deductible</p>



# Fringe Benefits & Entertainment Expenses

Provision	Pre-Reform Law	Reform Act
 <p>Transportation Fringe Benefits</p>	<p>Deductible to employer (\$260/mo. per employee) – excluded from employee wages</p>	<p><b>Repeals</b> employer deduction (unless to ensure safety of employee) – exclusion from employee wages retained</p>
 <p>Bicycle Commuting Reimbursement</p>	<p>Excluded from employee wages – up to \$20/month</p>	<p><b>Repeals</b> employee wage exclusion for 2018 through 2025</p>
 <p>Employee Achievement Awards</p>	<p>Excluded from wages awards for “tangible personal property” (not clearly defined) up to certain thresholds</p>	<p>Tangible personal property excludes cash, gift cards, vacations, meals, lodging, theater/sporting event tickets, stocks, or similar (amounts no longer excludible)</p>





**THANK  
YOU**



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