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2017 Tax Cuts and Jobs Act Highlights – Business

The tax cuts and jobs act is the biggest federal tax law change in over 30 years. Below are some significant changes affecting individuals. Note: Except where noted, the changes are effective for tax years 2018-2025. Additionally these are subject to change as the IRS continues to implement these changes.

Tax Rates

The tax rate for corporations (non-pass through entities such as C Corporations) is reduced to 21%.

Pass Through Businesses QBI Deduction

Trusts, estates, partnerships, S Corporations, sole proprietorships (including LLC's) may qualify for a new 20% Qualified Business Income (QBI) deduction. Contact us for more information.

Like Kind Exchanges

Beginning in 2018 like kind exchanges are limited to real property (i.e. real estate – vehicle trade in transaction no longer qualify).

Net Operating Losses (NOL)

Net operating losses are limited to 80% of taxable income.

Two year and special carryback provisions are repealed except for farming businesses. Carryovers are allowed indefinitely.

Excess Business Losses

Carryback of excess business losses is repealed. Carryforward is allowed indefinitely.

Bonus Depreciation

Bonus depreciation is allowed for new and used property.

Section 179 Expensing

The Section 179 Expensing maximum increases to \$1 million. The phaseout increases to \$2.5 million.

The definition of eligible property is expanded to include roofs, heating & air conditioning, fire protection, alarm and security systems. Computers and peripherals are removed from the listed property.

Domestic Productions Activity (DPAD)

The DPAD deduction has been repealed.

Vehicle Depreciation

Higher vehicle depreciation caps include:

1 st year of \$10,000	2 nd year of \$16,000
3 rd year of \$ 9,600	Each year thereafter \$5,760

Meals & Entertainment Expenses

Entertainment and membership dues expenses are no longer deductible.

Meal deductions of 50% are allowed for food and beverage expenses while operating a business (i.e. travel meals). This also includes meals provided on the employer site for employee consumption

Employee Transportation Fringe

Employee transportation fringe expenses are no longer deductible

Contact Us

There are many events that occur during the tax year that can affect your tax situation. Preparation of your tax return involves summarizing transactions and events that occurred during the prior year. In most situations, treatment is firmly established at the time the transaction occurs. However, negative tax effects can be avoided by proper planning. Please contact us in advance if you have questions about the tax effects of a transaction or event.

Note: In order to provide accurate tax planning or advice a tax forecast is required and will incur an additional fee above and beyond the fee for tax preparation services.