UHY LLP
Certified Public Accountants

UHY Advisors
Tax & Business Consultants

2017 TAX CUTS & JOBS ACT

SEPTEMBER 27, 2018

PRESENTED BY:

PAUL TRUBER

PAT STARK

The Next Level of Service

Business Related Provisions

CORPORATE TAX RATE

- 21% for years beginning after 2017
  - Fiscal year filers subject to blended rate
  - Alternative minimum tax is also repealed

UHY Advisors
Tax & Business Consultants

Planning - Corporate Tax Rate

1. **Carry back any 2017 Net Operating Losses to prior years to obtain refunds from higher tax rate years.**

2. **Maximize pension plan contributions for 2017. Contributions can be made up until extended due date of tax return.**

3. **Take advantage of 100% bonus depreciation for assets acquired and placed in service after 9/27/2017.**

FINANCIAL STATEMENT IMPACT OF TAX CUTS AND JOBS ACT

UHY Advisors
Tax & Business Consultants

- Accounting for Income Taxes
  - Deferred tax assets and liabilities that exist as of December 22, 2017 will be reversed and remeasured using new 21% federal rate, plus applicable state taxes.
  - Income statement could reflect large write-up (income), or write-down (expense), as a result of remeasurment.
  - Some adjustments will be reflected on the balance sheet as an adjustment to retained earnings.
    - Largest items driving this would most likely be:
      - Unrealized gains (losses) on securities available for sale
      - Defined pension plan accounting.

DIVIDENDS RECEIVED DEDUCTION

- Dividends-received deduction (DRD) is modified:
  - For Tax years beginning after December 31, 2017
  - The DRD for corporate shareholders that own more than 80% remains unchanged at 100%
  - The DRD for corporate shareholders that own between 20% and 80% is reduced to 65%
  - The DRD for corporate shareholders that own less than 20% is reduced to 50%

NET OPERATING LOSS (NOL) DEDUCTION

UHY Advisors Tax & Business Consultants

- NOL carryback generally eliminated and may be carried forward indefinitely for losses arising in tax years after 2017
  - Exception for farming NOLs

- NOL deduction is limited to 80% of taxable income for losses arising in tax years after 2017

- For NOLs arising in tax years before 2018, the NOL carryforward period will remain at 20 years and the deduction will also remain at 100%

UHY Advisors
Tax & Business Consultants

INTEREST EXPENSE DEDUCTION

- Business interest expense deduction will generally be limited to 30% of adjusted taxable income.
  - Effective for tax years beginning after December 31, 2017.
  - Business with average gross receipts <$25M are exempt.
  - For years 2018-2021, adjusted taxable income does not include deductions for depreciation, amortization, or depletion.
  - Disallowed interest is carried forward indefinitely
  - Partnerships – Special rules for carryforward of excess business interest.
  - Real property trades or businesses and Farming businesses can elect out of this interest limitation.
    - Must use longer depreciation method for assets.

INTEREST EXPENSE DEDUCTION

Planning - Interest Expense Limitation

1. **Review 2018 projections to determine if you are at risk for expense limitation.**

2. **Consider ways to restructure debt.**

3. **Real property and Farming businesses may consider electing out of limitation.**

DPAD DEDUCTION

- Domestic Production Activities Deduction (DPAD) is repealed
  - Effective for years beginning after December 31, 2017

CAPITAL EXPENDITURES

- Bonus Depreciation

  - 100% first-year deduction for qualified new **<u>and used</u>** property acquired and placed in service after Sept. 27, 2017 and before 2023

  - Bonus depreciation is phased out beginning in 2023
    - 80% in 2023
    - 60% in 2024
    - 40% in 2025
    - 20% in 2026

CAPITAL EXPENDITURES

- §179 Depreciation
  - Effective for property placed in service in tax years beginning after 2017
  - Taxpayer may expense up to $1M of qualified property in the year of acquisition.
  - Phase-out threshold is increased to $2.5M
  - Amounts will be indexed for inflation
  - The definition of qualified property for purposes of §179 is expanded:
    - Includes qualified improvements to non-residential real property and depreciable tangible personal property used in connection with furnishing lodging (i.e. Hotels, Apartment buildings, Dorms)
    - Qualified improvements include roofs, heating, ventilation, and air-conditioning property, fire protection, and security systems

CAPITAL EXPENDITURES

- Increased annual depreciation limits for passenger automobiles
  - Effective for vehicles placed in service after 2017.
  - Annual depreciation limits
    - Year 1 - $10,000
    - Year 2 - $16,000
    - Year 3 - $9,600
    - Year 4 and later - $5,760
  - Amounts indexed annually for inflation

Planning – Capital Expenditures

1. **Implement large capex projects prior to 2023 to utilize 100% bonus depreciation.**

2. **Consider cost segregation study for new buildings, expansion projects, and remodels, in order to maximize bonus and §179 depreciation.**

3. **Consider asset purchase vs. operating lease.**

4. **Consider state tax impact of bonus depreciation vs. §179 depreciation.**

LIKE-KIND EXCHANGES

- Gain deferral for like-kind exchanges is limited to real property that is not held primarily for sale
  - Effective for exchanges completed after December 31, 2017.
  - A transition rule/exception applies to personal property if the taxpayer has either disposed or relinquished property, or acquired the replacement property on or before 2017

CAPITALIZATION OF R&D EXPENSES

- Post 2021 – Domestic Research & Development expenditures must be capitalized and amortized ratably over a five-year period.

- R&D credit is still available

ENTERTAINMENT EXPENSES

- No deduction is allowed for entertainment, amusement, or recreation
  - Includes directly related to the active conduct of the taxpayer’s trade or business
  - Includes membership dues for a club organized for business, pleasure, recreation, social purposes or any facility used in connection
  - Client and employee travel meals remain 50% deductible
  - Meals provided for convenience of the employer are reduced from being 100% to 50% deductible, until 2025, when they become nondeductible
  - Expenses for recreation, social, or similar activities primarily for the benefit of the taxpayer’s employees, other than highly compensated employees (e.g. office holiday parties) remain 100% deductible

TAX ACCOUNTING METHODS

UHY Advisors
Tax & Business Consultants

- Taxpayers with average gross receipts of less than $25 million:
  - Now exempt from the uniform capitalization (UNICAP) rules.
  - Now permitted to use the cash method of accounting.
  - Now exempt from requirement to maintain inventories.
    - Treat inventory as non-incidental materials & supplies, or
    - Follow applicable financial statement treatment
  - Now exempt from requirement to use percentage-of-completion accounting for long-term contracts to be completed in two years.
  - Effective after December 31, 2017
- $25M will be indexed for inflation

Planning - Tax Accounting Methods

1. **Perform analysis to determine benefits and pros/cons of making a change in tax accounting methods.**
   a) **Know your numbers.**
   b) **Understand what the differences might be after making a change.**

EMPLOYER CREDIT FOR PAID FAMILY AND MEDICAL LEAVE

- Eligible employers are permitted to claim a business credit for 12.5% of the wages paid to qualifying employees during any period in which such employees are on family and medical leave
  - Applies to wages paid in 2018 and 2019
  - Employer must have a qualifying written policy in place.
  - Payment rate under the program must be 50% of the wages normally paid to an employee
  - The credit is increased by 0.25 percentage points (but not above 25%) for each percentage point by which the rate of payment exceeds 50%

20% QUALIFIED BUSINESS INCOME DEDUCTION

- Taxpayers may be eligible to receive a 20% deduction of **Qualified Business Income (QBI)** from a domestic business operated as a:
  - Sole-proprietorship
  - Partnership
  - S-Corporation
  - Trust
  - Estate

- QBI deduction can be taken by Individuals and by some trusts and estates.
- C corporations are not eligible to take this deduction.
- QBI is Temporary - Effective for tax years beginning 1/1/2018 through 12/31/2025

20% QUALIFIED BUSINESS INCOME DEDUCTION

UHY Advisors
Tax & Business Consultants

- Qualified Business Income (QBI):
  - QBI is generally defined as ordinary business income.
  - Excludes investment type income.
  - Must be domestic income – i.e. effectively connected with the conduct of a trade or business within the U.S.

- QBI does not include the trade or business of performing services as an employee.
  - Review proper classification as contractor vs. employee.

20% QUALIFIED BUSINESS INCOME DEDUCTION

UHY Advisors
Tax & Business Consultants

- Deduction may be limited by:
  - Taxable income of taxpayer (less net capital gains).
  - Allocable share of wages or qualified property.

- Taxable income is very important
  - Below the Threshold - $315,000 MFJ / $157,500 Single/Trust
  - In the Phase-out range - $315,000 - $415,000 MFJ
$157,500 - $207,500 Single/Trust
  - Above the Phase-out range: >$415,000 MFJ
>$207,500 Single/Trust

20% QUALIFIED BUSINESS INCOME DEDUCTION

UHY Advisors
Tax & Business Consultants

Trade or Business QBI, and:

- Taxable income is Below the Threshold:
  - QBI deduction = lessor of QBI * 20%, or Taxable income (less net capital gains) * 20%
- In the Phase-out range:
  - Deduction is subject to taxable income, wage, and qualified property limitations…and is further phased out if SSTB
- Above the Phase-out range:
  - Deduction is subject to taxable income, wage and qualified property limitations….fully phased-out for SSTB

20% QUALIFIED BUSINESS INCOME DEDUCTION

UHY Advisors
Tax & Business Consultants

- Wages – Generally, the amount form box 5 on Form W-3, which is allocable to the QBI.
- Qualified Property – Unadjusted basis of tangible property subject to the allowance of depreciation, and the depreciable period has not ended before the close of the tax year.
  - Depreciable Period – Date Qualified Property is placed in service and ending on the later of:
    - 10 years after such date, <u>or</u>
    - Last day of the last full year in the applicable recovery period of the property.

20% QUALIFIED BUSINESS INCOME DEDUCTION

UHY Advisors
Tax & Business Consultants

- Specified Service Trade or Business (SSTB)
  - If an individual's taxable income exceeds the phase-out range (MFJ $415,000, Single $207,500), then no QBI deduction is allowed.
  - Generally applies to fields of health, law, accounting, actuarial science, performing arts, consulting, athletics, financial services, brokerage services, or business where the principal asset is the skill of one or more employees

S-CORP VS. C-CORP

UHY Advisors
Tax & Business Consultants

Sample S vs. C Comparison for Small Manufacturing Company

S Corporation			C Corporation		
Business Income		1,000,000.00	Business Income		1,000,000.00
Qualified Business Income Deduction	20%	(200,000.00)	Corporate Income Tax	21%	(210,000.00)
Taxable Income from Business		800,000.00	Taxable Income from Business		790,000.00
Income Tax	37%	(296,000.00)			
Business Income		1,000,000.00	Dividend to Shareholder		790,000.00
Less: Income Tax		(296,000.00)	Qualified Dividend Tax	23.8%	(188,020.00)
Net to Business Owner		704,000.00	Net to Business Owner		601,980.00
Tax Rate		29.6%	Tax Rate		39.8%

QBI Deduction					
Lesser of:					
QBI X 20% -or-				200,000	A
The greater of:					
1)	W-2 Wages X 50%	3,000,000	50.0%	1,500,000	B
2)	W-2 Wages X 25%	3,000,000	25.0%	750,000	
	Qualified Property X 2.5%	8,000,000	2.5%	200,000	
				950,000	C

UHY Advisors Tax & Business Consultants

Planning - 20% Pass-Through Deduction

1. **Consider analysis to compare S corp vs. C corp.**
2. **Pass-through businesses should perform analysis to determine if they will be able to receive full 20% deduction.**
3. **Specified service businesses may have planning opportunities to achieve deduction.**
4. **Consider maximizing taxable income to increase 20% deduction vs. maximizing depreciation deductions.**

INTERNATIONAL TAX

UHY Advisors
Tax & Business Consultants

- Deemed Repatriation of Foreign Earnings
  - U.S. Shareholders that own at least 10% of a foreign subsidiary must include any previously-untaxed earnings of the foreign sub in their 2017 income tax return.
  - The effective tax rate for cash is 15.5% and the effective rate for other non-cash items is 8%.
  - The net tax liability can be spread over 8 years.
  - Special rules for S-corporations, Regulated Investment Company (RIC), and Real Estate Investment Trust (REIT)

INTERNATIONAL TAX

- Global Intangible Low-Taxed Income (GILTI)
  - GILTI generally expands the amount of foreign income that U.S. shareholders must currently recognize from controlled foreign corporations (CFC).
    - Reduces the benefit of moving operations off shore to low tax countries, and then bring profits back into the United States using the 100% dividends received deduction.
    - Prior law generally allowed U.S. shareholders to defer recognition of income from a CFC until funds were distributed, or recognized under other tax laws.

INTERNATIONAL TAX

- Foreign Derived Intangible Income (FDII)
  - FDII provides for a deduction to U.S. C corporations that export goods, lease, or license products to non-U.S. persons for use or disposition outside of the U.S.
    - Deduction is equal to 37.5% of FDII for years 2018-2025
    - Deduction is equal to 21.875% of FDII after 2025
  - This deduction generally reduces a corporations effective rate on FDII income to 13.125% for years 2018-2025 (16.406% post 2025).
  - FDII only applies to U.S. C corporations

INTERNATIONAL TAX

- Base Erosion and Anti-Abuse Tax (BEAT)
  - BEAT prevents companies from paying less tax in U.S. by stripping income out through deductible payments to foreign affiliates.
  - Applies to C corporations with average annual gross receipts of $500M for the preceding three year period.
  - Mechanically, BEAT works similar to the alternative minimum tax.
    - Applicable taxpayers will pay the higher of regular tax or the base erosion minimum tax.

SOUTH DAKOTA V. WAYFAIR, INC.

Supreme Court case which has overturned prior case law that required vendors to have physical presence in a state in order to create Nexus.

- Validates Economic Nexus for Sales and Use Tax
- Targets:
  - E-commerce retailers
  - Manufacturers
  - Distributors

Individual Provisions

TAX RATES

For tax years 2018 - 2025

Married Filing Jointly and Surviving Spouse

Comparison of top 4 tax brackets

2017		2018	
Taxable Income	**Rate**	**Taxable Income**	**Rate**
$153k - $233k	28%	$165k - $315K	24%
$233k – $416k	33%	$315K - $400k	32%
$416k -$470k	35%	$400k - $600k	35%
>$470k	39.6%	>$600k	37%

Note: The 2018 thresholds will be adjusted annually for inflation.

TAX RATES

For tax years 2018 - 2025

Single Individuals

Comparison of top 4 tax brackets

2017		2018	
Taxable Income	**Rate**	**Taxable Income**	**Rate**
$91k - $191k	28%	$82k - $157K	24%
$191k – $416k	33%	$157K - $200k	32%
$416k -$418k	35%	$200k - $500k	35%
>$418k	39.6%	>$500k	37%

Note: The 2018 thresholds will be adjusted annually for inflation.

TAX RATES

Tax savings using 2018 rates vs. 2017 rates

Married Filing Jointly and Surviving Spouse

If taxable income is:	2017 Tax	2018 Tax	Tax Savings
$50,000	$6,568	$5,619	$949
$100,000	$16,478	$13,879	$2,599
$200,000	$42,885	$36,579	$6,306
$400,000	$107,217	$91,379	$15,838
$600,000	$182,831	$161,379	$21,452
$1,000,000	$341,231	$309,379	$31,852
$5,000,000	$1,925,231	$1,789,379	$135,852

Note: These figures do not address the changes in income tax due to increased standard deduction, no personal exemptions, AMT, etc.

TAX RATES

For tax years 2018 - 2025

Estates and Trusts

2017		2018	
Taxable Income	**Rate**	**Taxable Income**	**Rate**
<$2,550	15%	<$2,550	10%
$2,550 - $6,000	25%	$2,550 - $9,150	24%
$6,000k – $9,150	28%		
$9,150 -$12,500	33%	$9,150 -$12,500	35%
>$12,500	39.6%	>$12,500	37%

Note: The 2018 thresholds will be adjusted annually for inflation.

KIDDIE TAX MODIFIED

For tax years 2018 – 2025, the taxable income of a child –

- Earned income is taxed at single individual rates
- Unearned income is taxed at trust and estate rates
- The child's tax rate is no longer impacted by the parent's tax situation, nor are they impacted by the unearned income of their siblings
- Generally applies to:
  - Child under age 19 at close of tax year, or
  - Full-time student under age 24, and
  - Has unearned income over $2,100 (for 2018)

LONG-TERM CAPITAL GAIN TAX RATES

UHY Advisors
Tax & Business Consultants

For tax years 2018 – 2025

If taxable income is:			**Long-Term Capital gain tax rate**
Single	Married Filing Joint	Estates and trusts	
Under $38,600	Under $77,200	Under $2,600	0%
$38,600 to $425,800	$77,200 to $479,000	$2,600 to $12,700	15%
Over $425,800	Over $479,000	Over $12,700	20%

Note: These thresholds will be adjusted annually for inflation.

These capital gain rates do not include the additional 3.8% Net Investment Income Tax.

BOOSTED STANDARD DEDUCTION

For tax years 2018 – 2025, standard deductions have nearly doubled:

- Married Filing Joint and Surviving Spouse = $24,000
- Head of Household = $18,000
- Single & Married Filing Separate = $12,000

  - The amounts above are for the 2018 tax year and will be adjusted annually for inflation.

PERSONAL EXEMPTIONS SUSPENDED

UHY Advisors Tax & Business Consultants

- Personal exemptions have been suspended (amount reduced to $0) – For tax years 2018-2025

- Comparing prior law to Tax Cuts and Jobs Act
  - Assumes filing MFJ with 2 dependents and no phase-out of personal exemption

	Prior Law for 2018	TCJA for 2018
Standard Deduction	$13,000	$24,000
Personal Exemption	$16,600	$0
Total	$29,600	$24,000

  - **The Tax Cuts & Jobs Act includes an expanded child tax credit not accounted for here**

ITEMIZED DEDUCTIONS

Medical Expenses

- For tax years 2017 & 2018:
  - Medical expenses in excess of 7.5% of AGI are deductible
    - Same 7.5% threshold applies for AMT purposes

- For tax years after 2018:
  - Medical expenses in excess of 10% of AGI are deductible

ITEMIZED DEDUCTIONS

State & Local Taxes

- For tax years 2018 – 2025
  - The combined deduction for state and local real property, personal property, and income taxes (or general sales tax) is limited to $10,000
    - $5,000 for married filing separately
  - Taxes incurred in carrying on a trade or business are still deductible
    - Taxes deductible on Schedules C, E, or F
  - Foreign real estate tax is non-deductible, if not incurred in carrying on a trade or business

ITEMIZED DEDUCTIONS

UHY Advisors Tax & Business Consultants

Home Mortgage Interest

- Debt incurred on or before Dec. 15, 2017 is subject to $1,000,000 acquisition debt limit
  - $500,000 for married filing separate
- Debt incurred after Dec. 15, 2017 is subject to $750,000 acquisition debt limit
  - $375,000 for married filing separate
- Exception to $750K limit for contracts entered into prior to Dec. 15, 2017 to close before Jan. 1, 2018 and actually close before Apr. 1, 2018

The above limits apply for tax years 2018 - 2025

ITEMIZED DEDUCTIONS

UHY Advisors
Tax & Business Consultants

Home Mortgage Interest (continued)

- Deduction for home equity interest is generally suspended
  - Exception to general rule:
    - Funds used to buy, build or substantially improve taxpayer's home that secures loan, and overall home mortgage debt plus home equity debt does not exceed $750k ($375K for married filing separate).

- When refinancing debt that was originally incurred on or before Dec. 15, 2017, the $1,000,000 limit still applies to the extent there is no additional debt incurred
  - $500,000 for married filing separate

- For tax years after 2025, the limit reverts to $1,000,000 regardless of when the debt was incurred

Charitable Contributions

- For tax years 2018 – 2025, the AGI limit for cash contributions to 50% charities is increased to 60%
  - 30% and 20% limitations remain unchanged
- For tax years after 2017, no charitable deduction is allowed for a payment to a college or university in exchange for the right to purchase tickets for an athletic event

ITEMIZED DEDUCTIONS

UHY Advisors
Tax & Business Consultants

Miscellaneous Itemized Deductions

- Miscellaneous itemized deduction subject to 2% of AGI floor are suspended for tax years 2018 – 2025
  - Unreimbursed employee business expenses
  - Investment expenses and expenses for the production or collection of income
  - Tax preparation fees
  - Hobby expenses
- Miscellaneous itemized deductions not subject to the 2% of AGI floor are still deductible

ITEMIZED DEDUCTIONS

UHY Advisors Tax & Business Consultants

Personal Casualty Losses/Net Disaster Losses

- Personal casualty losses allowed only if attributable to a federally declared disaster
  - Effective for losses incurred between 2018 – 2025
  - Must exceed $100 per casualty
  - Aggregate losses subject to 10% floor
  - Amount of deductible loss increases standard deduction
- Exception: taxpayers may offset casualty gains with casualty losses not related to a federal disaster

UHY Advisors
Tax & Business Consultants

Planning - Itemized Deductions

1. **Consider bunching charitable contributions into one year (i.e. use donor advised fund).**

2. **Miscellaneous Itemized Deductions**
   a) **Transfer investment advisory fees to IRA.**
   b) **Segregate tax prep fees to business units within return.**

ABOVE THE LINE DEDUCTIONS

UHY Advisors
Tax & Business Consultants

Moving Expenses

- For most taxpayers, the moving expense deduction has been suspended for tax years 2018 – 2025
  - Therefore, exclusion for qualified moving expense reimbursements is suspended
  - Members of the Armed Forces may still benefit from deduction & exclusion

Alimony

- Alimony won’t be deductible by the payor, nor taxable to the recipient for a divorce or separation instrument that’s:
  - Executed after December 31, 2018, or
  - Modified after December 31, 2018 and the modification expressly provides that the Tax Cuts and Jobs Act amendments apply

CHILD/DEPENDENT TAX CREDIT

- Credit doubled to $2,000 for tax years 2018 – 2025
  - Taxpayer now must provide child's social security number to take credit
- AGI phase-out thresholds greatly increased
  - MFJ: $400,000
  - All others: $200,000
- For tax years 2018 – 2025, taxpayer may claim a partial credit of $500 for each dependent that is not a qualifying child
  - Dependent children over age 17
  - Qualifying children without social security numbers
  - Other qualifying dependents
  - Partial credit is non-refundable

ALTERNATIVE MINIMUM TAX

- Still applicable for Individuals – 26% - 28% Flat Tax Rate
  - Will apply to fewer individuals due to increased exemptions and higher deduction phase-out threshholds.

- Increased exemptions for tax years 2018 – 2025
  - MFJ/surviving spouse: $109,400 ($84,500 for 2017)
  - Single: $70,300 ($54,300 for 2017)

- Increased AMTI threshold phase-out amounts
  - MFJ/surviving spouse: $1,000,000 ($160,900 for 2017)
  - Single: $500,000 ($120,700 for 2017)

- These limits to be increased annually after tax year 2018

EXCESS BUSINESS LOSS

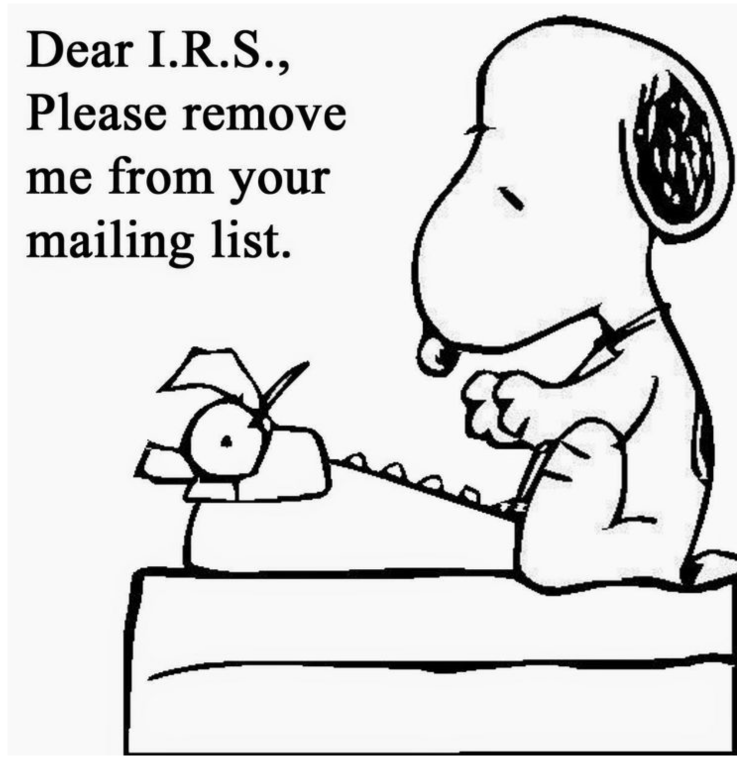
What is excess business loss?

- Excess of the taxpayer’s aggregate deductions for the tax year that are attributable to trades or businesses of the taxpayer over the sum of:
  - The taxpayer’s aggregate gross income or gain for the tax year which is attributable to those trades or businesses PLUS
  - $250,000 ($500,000 for MFJ)
- Applies to all businesses in the aggregate; if MFJ, taxpayer and spouse combined
- Applies to both active and passive businesses (after PAL rules applied)

EXCESS BUSINESS LOSSES

- Excess business loss is disallowed and carried forward as a Net Operating Loss(NOL)
  - NOL limited to offsetting only 80% of taxable income under new Act
- Applies to sole proprietorships, partnerships, S corps, LLCs, estates, and trusts
- Effective for years 2018 through 2025

OTHER CONSIDERATIONS



AFFORDABLE CARE ACT

The Affordable Care Act required most individuals to purchase a minimum level of health insurance coverage. Those who failed to purchase minimum essential coverage were assessed a penalty for failing to do so.

- The Tax Cuts and Jobs Act has eliminated the penalty (shared responsibility payment), beginning on 1/1/2018.

SEC 529 PLANS & ABLE ACCOUNTS

Expanded Use of Section 529 Plans

- Distributions made after 12/31/17 may be used for elementary or secondary education
  - $10,000 limit per beneficiary, per year

INDIVIDUAL RETIREMENT ACCOUNTS

UHY Advisors
Tax & Business Consultants

IRA Recharacterizations

- For tax years beginning after 12/31/17, taxpayer may not recharacterize conversion contributions to a Roth IRA
  - i.e. Recharacterization cannot be used to unwind a Roth conversion
  - Other contribution recharacterizations are still allowed
  - Traditional to Roth IRA conversions still allowed

UHY Advisors Tax & Business Consultants

ESTATE & TRUSTS

- Estate & gift tax lifetime exclusion increased to $11.2M for tax year 2018.
  - Amount will be indexed for inflation each year through 2025
  - Estate & gift tax exemption is scheduled to revert back to 2017 amounts after December 31, 2025.
- Estate planning is still very important for administration of estate upon death.
- 2018 Annual exclusion amount for purposes of gifting - $15,000

Planning – Miscellaneous

1. Maximize deductible IRA and SEP contribution deductions for 2017.

2. Consider some gifts to §529 Qualified Tuition Program vs gifting directly to children.

3. Making direct payments to educational institutions and medical facilities to not count against annual exclusion, or lifetime exemption.

THANK YOU!

Pat Stark

pstark@uhy-us.com

(314)615-1250

Paul Truber

ptruber@uhy-us.com

(314)615-1359

UHY Advisors MO, Inc.

15 Sunnen Drive, Suite 100, St. Louis, MO 63143

www.uhy-us.com

UHY Advisors