

INDIVIDUAL AND BUSINESS TAX HIGHLIGHTS



INDIVIDUAL TAX HIGHLIGHTS	BUSINESS TAX HIGHLIGHTS
<ul style="list-style-type: none"> ■ Provides a top tax rate of 37% for joint earners with AGI over \$600,000 and \$500,000 for single filers. ■ Provides a 20% deduction of income to certain pass-through entities which effectively lowers the tax rate of these entities from 2018-2025. <small>(Note: the C Corporate tax rate is at 21% which could be lower). For a business in the 37% top individual tax bracket, the 20% deduction represents about a 7.4% tax rate reduction on qualifying pass through income. The 20% deduction is only available for personal service businesses with joint income below \$415,000 and \$217,500 for single filers. Additional restrictions apply thus it is important to discuss the application of this provision with your tax advisor before year end.</small> ■ Nearly doubles the standard deduction to \$24,000 for joint filers and \$12,000 for single filers. ■ Preserves the estate tax but doubles the exemption amount to \$11,200,000 per taxpayer. ■ Preserves AMT but increases exemption amount thus narrowing its application. ■ Provides an itemized deduction up to \$10,000 of state, local and/or property tax deduction. The law restricts the ability to prepay state and local taxes in 2017. ■ Personal exemptions are repealed and charitable contribution deduction preserved. ■ Deduction of interest on home mortgage is limited to \$750,000 of indebtedness and eliminated for home equity loans. ■ Interest on state and local bonds issued to advance refund projects is no longer tax exempt effective for bonds issued after December 31, 2017. ■ Eliminates the tax penalty for failure to purchase health insurance under the Affordable Care Act. ■ Increases the time a homeowner must live in their principal residence to defer the gain. ■ Prohibits re-characterization of traditional IRAs to Roth IRA and vice versa. ■ Repeals the deduction for tax preparation fees. ■ Permits casualty loss deduction in presidentially declared disaster areas. ■ Eliminates the deduction for alimony payments for agreements signed after 2018. ■ Permits withdrawals from 529 education accounts for primary and secondary education beginning in 2018. ■ Preserves current law with regard to tax lot harvesting to manage gains and losses in security sales (i.e., law does not require FIFO for securities sales). 	<ul style="list-style-type: none"> ■ Permanently lowers the top C Corporation rate to 21% effective 2018. ■ Eliminates corporate AMT. ■ Includes a three-year holding period for capital gains on the transfer of certain partnership interests (“carried interest”). ■ Mandates repatriation of foreign earnings of U.S.-based companies at 15.5% for cash and equivalents and 8% for illiquid assets, raising \$338 billion in revenue. ■ Expands the definition of section 179 equipment and the amount that can be expensed for five years. ■ Imposes new limits on interest deductions on corporate indebtedness in exchange for faster depreciation and expensing of certain equipment. ■ Limits the deduction for many common employee fringe benefits like employee provided meals, country club dues, and employee subsidies for transit, parking, and bicycle commuting. ■ Imposes a 21% excise tax on executive compensation in excess of \$1m paid by tax-exempt entities to a limited group of executives. ■ Does not change current laws on retirement plan contributions to owners and employees. ■ Expands the tax deduction limitation for compensation exceeding \$1,000,000 to include commissions and performance base pay.