

BUSINESS CHANGES

The proposed Federal tax legislation was signed into law by the President last Friday, 12/22/17. The new tax law is over 1,000 pages long and has many new changes, some which are permanent and some which sunset in 2025. We summarized some of them for you to consider.

Beneficial - Business

1. Section 179 expense - increased to \$1 million
2. Bonus depreciation allows for 100% expensing
3. 20% deduction for qualified business income for Schedule C, S-Corporation, LLC and partnerships, restrictions apply
4. C corporation AMT is repealed
5. C corporation top rate reduced from 35% to 21%
6. Cash method of accounting is expanded for business with receipts up to \$25 million
7. Increased depreciation limits for passenger automobiles


Non-Beneficial - Business

1. Entertainment expense no longer allowed, meals related to business may only be deducted at 50% of the expense
2. Net operating losses can no longer be carried back 2 years
3. Limitations on net operating loss, 80 percent of taxable income for losses incurred after 2017
4. Domestic production deduction is repealed
5. Business interest deduction subject to limitation if gross income is over \$25 million
6. Repeal of the like-kind exchange rules for personal property such as autos.

Please note though the Federal tax law has changed, California tax law is different and does not agree with Federal tax law in many areas.

I look forward to working with you during the upcoming tax season and wish you a safe and festive new year.

Best Regards,



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