



AAFCPAs
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How the Tax Act Will Impact Business Owners

XPX Educational Workshop

February 27, 2018

AAFCPAs Areas of Practice



Tax Planning & Compliance

- Business Tax
- International Tax
- State and Local Tax (SALT)
- Nonprofit Tax
- Unrelated Business Income Tax
- Individual, Family & Fiduciary Tax



Audit & Assurance

- Financial Statement Audits
- Uniform Guidance / Single Audit
- Reviews & Compilations
- Uniform Financial Report (UFR)
- Employee Benefit Plan Audits
- Service Organization Control (SOC) Reports



Advisory

- Technical Accounting Advisory
- US Market Entry Point Consulting
- Business & IT Advisory
- Business Process Controls & Performance
- Succession Planning
- Business Valuation
- Employee Stock Ownership Plans (ESOPs)
- Financial Forecasts & Projections
- Forensic Accounting
- Managed Accounting Solutions
- Healthcare Consulting & Reimbursement
- Litigation Support
- Nonprofit Management Consulting
- Technology Risk Assessments
- Wealth Advisory & Financial Planning



AGENDA

- Changes to Business Taxation
- Changes to Individual Taxation
- Key Provisions Not Changed
- Choice of Entity
- 2017 Retroactive Planning
- M&A
- Questions



CHANGES TO BUSINESS TAXATION

- C corporation tax rates
- Bonus depreciation and Section 179 expense
- Limitation on interest expense deduction
- Worldwide vs Territorial system of taxation
- Accounting method simplification for companies with average gross receipts under \$25 million
- Net operating loss carryforwards
- Elimination of Alternative Minimum Tax
- Qualified Business Income Deduction (QBID)
- Carried Interest qualification
- Elimination of Domestic Production Activities Deduction

CHANGES TO INDIVIDUAL TAXATION

- Estate tax exemption
- Individual tax rates
- Elimination of most itemized deductions except for mortgage interest and charitable donations



KEY PROVISIONS NOT CHANGED

- Continual basis adjustments for flow through entities
- Section 1202 capital gain exclusion
- Treatment of fringe benefits
- IC-DISC for profitable manufacturers with significant export sales
- Section 382 limitations on ownership changes
- Rules on S corporation ownership
- Double taxation of C corporations
- 3.8% Tax on Passive Owners

CHOICE OF ENTITY

- C corporations – lower tax rates, Section 1202, fringe benefits
- Flow through entities – no double taxation, continually adjusting basis, income shifting potential
- S corporations specifically – Salaries vs Distributions if QBID is based on 50% of salaries

2017 RETROACTIVE PLANNING

- Bonus depreciation
- Cost segregation studies
- Maximize discretionary retirement plan contributions
- Goal is to maximize deductions in final year of higher rates



M&A

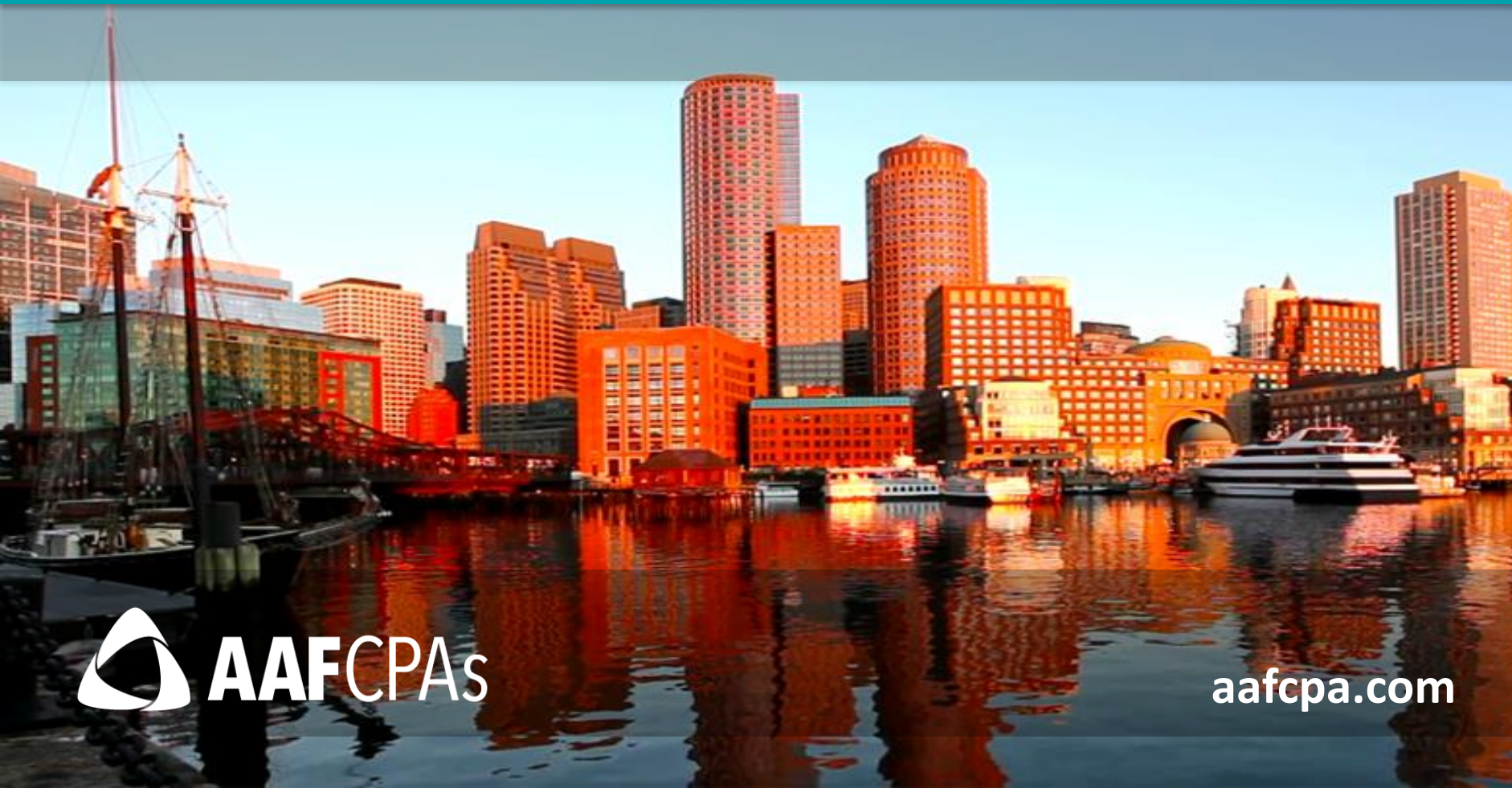
- Difference in tax gross up for C vs S corp. targets
- Bonus depreciation now allowed on used equipment
- Impact of new NOL rules



Related Insights

- [AAFCPAs Provides Guidance on Business Tax Provisions in the Tax Cuts and Jobs Act](#)
- [Financial and Estate Planning Opportunities Related to the New Tax Law](#)
- [Tax Act Eliminates or Curtails Business Expense Deductions for Entertainment, Commuting Benefits, and Meals](#)

Thank You



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