

MAKE THE MOST OF THE NEW TAX LAW




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THE TAX CUTS AND JOBS ACT of 2017

#1 Mistake: Failing to Plan

“There is nothing wrong with a strategy to avoid the payment of taxes. The Internal Revenue Code doesn’t prevent that.”

~Chief Justice William H. Rehnquist



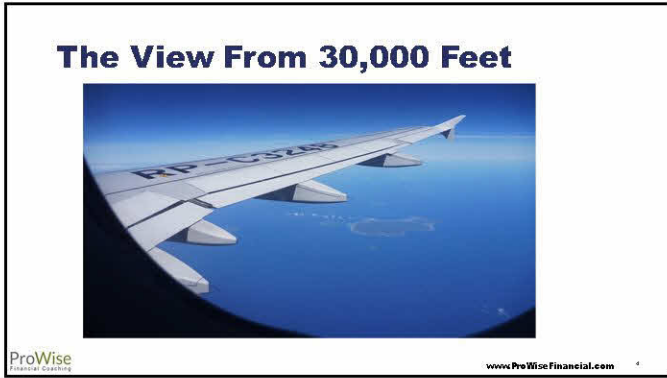
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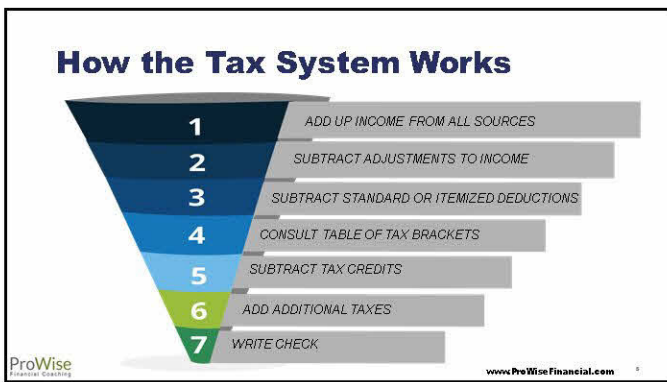
Why Tax Planning?

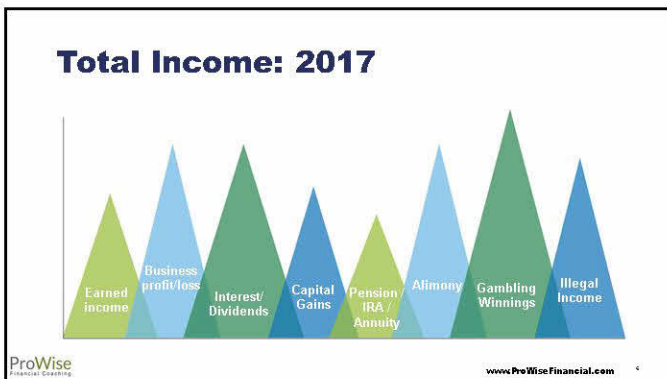
1. Key to financial *defense*
2. Guarantees results

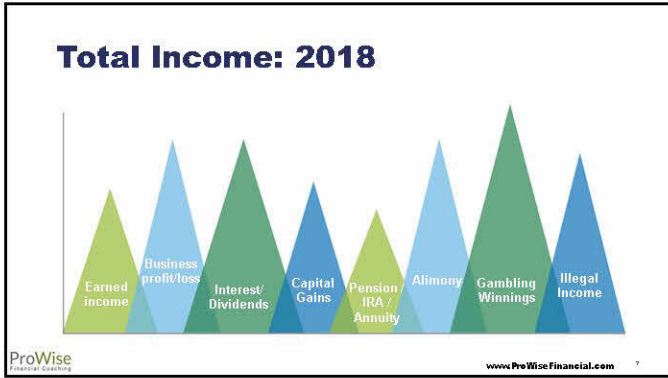


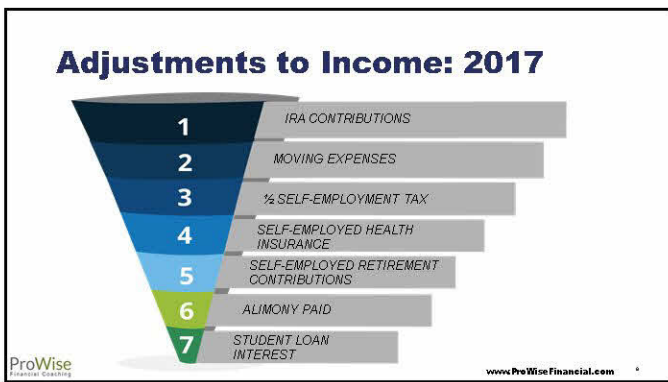

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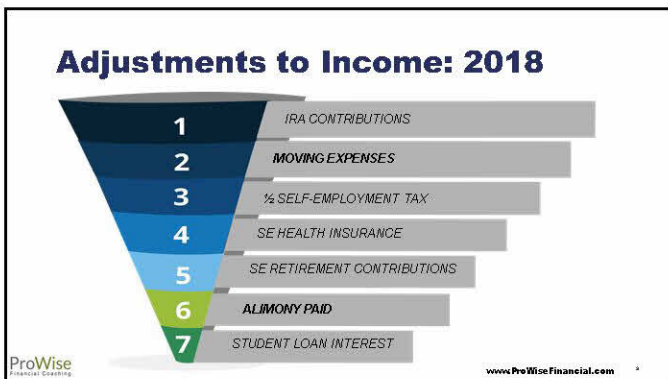












Standard or Itemized Deductions?

STANDARD DEDUCTION-2017	
Single	\$ 6,350
Head of Household	\$ 9,350
Married/Joint	\$12,700
Married/Separate	\$ 6,350

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STANDARD DEDUCTION- 2018

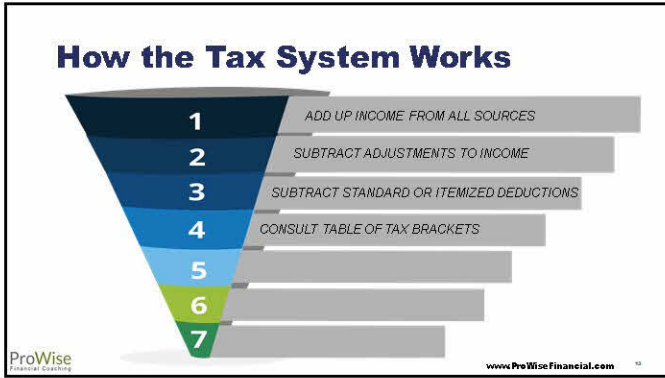
Single	\$12,000
Head of Household	\$18,000
Married/Joint	\$24,000
Married/Separate	\$12,000

STANDARD DEDUCTION-2017	
Single	\$ 6,350
Head of Household	\$ 9,350
Married/Joint	\$12,700
Married/Separate	\$ 6,350

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Itemized Deductions: 2018

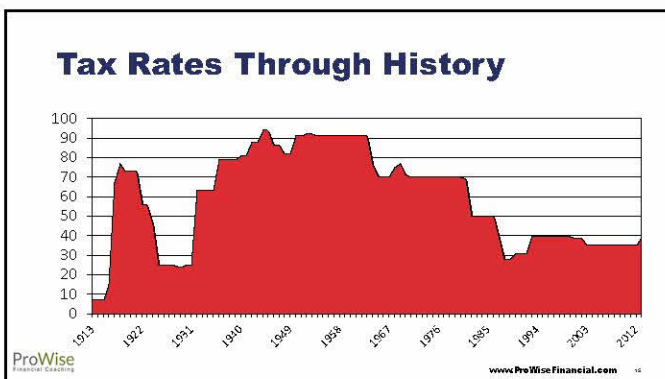
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Tax Brackets: 2017

Rate	Single	Joint
10%	0	0
15%	9,326	18,651
25%	37,951	75,901
28%	91,901	153,101
33%	190,651	233,501
35%	416,701	416,701
39.6%	418,401	470,701

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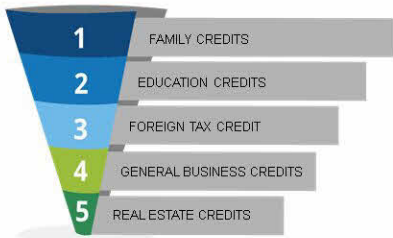
Tax Brackets: 2018

Rate	Single	Joint
10%	0	0
12%	9,526	19,051
22%	38,701	77,401
24%	82,501	165,001
33%	157,501	315,001
35%	200,001	400,001
37%	500,001	600,001

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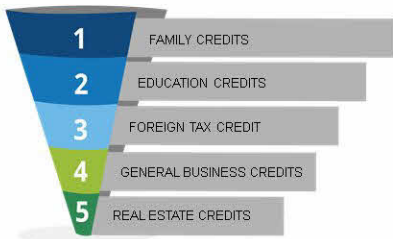
Tax Credits



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Tax Credits: 2018



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But Wait . . . There's More!

1 SELF-EMPLOYMENT TAX

2 NET INVESTMENT INCOME TAX

3 ALTERNATIVE MINIMUM TAX

4 NANNY TAX

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Changes Here? Changes Here!

1 SELF-EMPLOYMENT TAX

2 NET INVESTMENT INCOME TAX

3 ALTERNATIVE MINIMUM TAX

4 NANNY TAX

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Keys to Cutting Tax

TIMING

SHIFTING

CODE

PRODUCTS

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“Kiddie Tax” Penalty



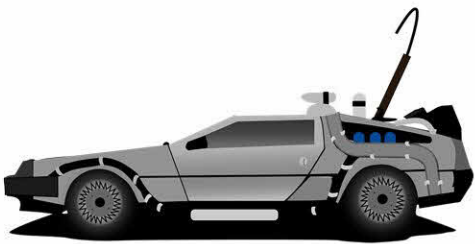
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“Kiddie Tax” Penalty: 2018

Rate	Single	Trusts/Estates
10%	0	0
12%	9,526	
22%	38,701	
24%	82,501	2,551
33%	157,501	
35%	200,001	9,151
37%	500,001	12,501

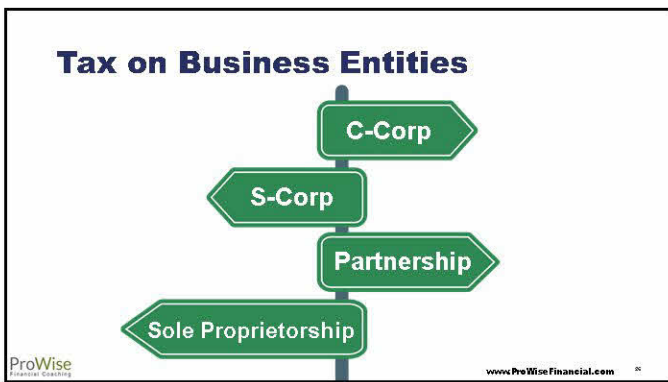
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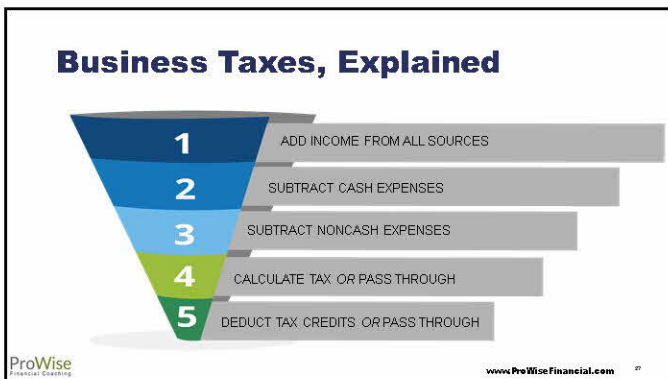
Roth IRA “Do-Overs”



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Corporate Tax Rates: 2017

Taxable Income	Rate
0 – \$50,000	15%
\$50,001 – 75,000	25%
\$75,001 – 100,000	34%
\$100,001 – 335,000	39%
\$335,001 – 10,000,000	34%
\$10,000,001 – 15,000,000	35%
\$15,000,001 – 18,333,333	38%
\$18,333,334+	35%

- Personal Service Company
- Personal Holding Company
- Corporate AMT
- Accumulated earnings tax

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Corporate Tax Rates: 2018+

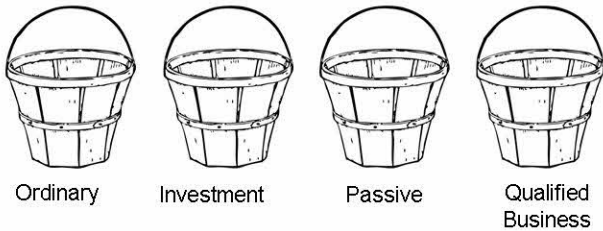
Taxable Income	Rate
0 – \$50,000	21%
\$50,001 – 75,000	21%
\$75,001 – 100,000	21%
\$100,001 – 335,000	21%
\$335,001 – 10,000,000	21%
\$10,000,001 – 15,000,000	21%
\$15,000,001 – 18,333,333	21%
\$18,333,334+	21%

- Personal Service Company
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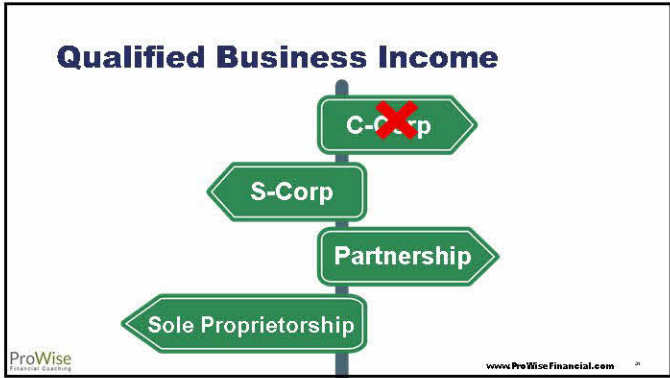
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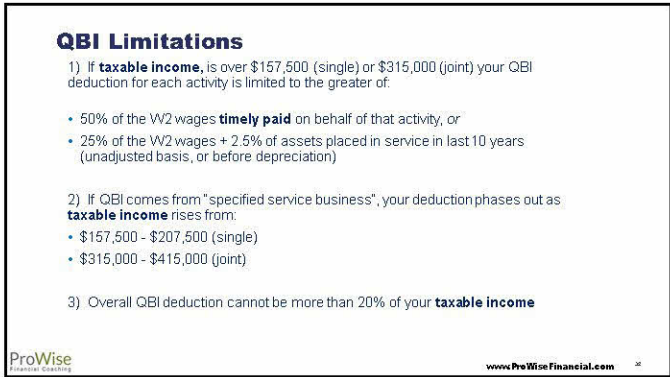
A New Kind of Income



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Case Study: S Corp Owner, Married, \$200k Net Business Income		
	2017	2018
Adjusted Gross Income	300,000	
Standard/Itemized Deductions	12,700/24,000	
Personal Exemption	16,200	
QBI Deduction (20%)	0	
Taxable Income	259,800	
Tax Before Credits	61,401	
Child Tax Credit	0	
Total Tax	61,401	

Example assumes married couple with two children under age 15, filing jointly with \$12,000 in mortgage interest and \$12,000 in property taxes.

Case Study: S Corp Owner, Married, \$200k Net Business Income		
	2017	2018
Adjusted Gross Income	300,000	300,000
Standard/Itemized Deductions	12,700/24,000	24,000/22,000
Personal Exemption	16,200	0
QBI Deduction (20%)	0	40,000
Taxable Income	259,800	236,000
Tax Before Credits	61,401	45,669
Child Tax Credit	0	4,000
Total Tax	61,401	41,669

Example assumes married couple with two children under age 15, filing jointly with \$12,000 in mortgage interest and \$12,000 in property taxes.

Case Study: S Corp Owner, Married, \$300k Net Business Income		
	2018 w/o plan	
Adjusted Gross Income	400,000	
Standard/Itemized Deductions	24,000/22,000	
QBI Deduction (20%)	25,000	
Taxable Income	351,000	
Tax Before Credits	77,049	
Child Tax Credit	4,000	
Total Personal Tax	73,049	

Example assumes married couple with two children under age 15, filing jointly with \$12,000 in mortgage interest and \$12,000 in property taxes.

Case Study: S Corp Owner, Married, \$300k Net Business Income

	2018 w/o plan	2018 w/plan
Adjusted Gross Income	400,000	300,000
Standard/Itemized Deductions	24,000/22,000	24,000/22,000
QBI Deduction (20%)	25,000	40,000
Taxable Income	351,000	236,000
Tax Before Credits	77,049	45,669
Child Tax Credit	4,000	4,000
Total Personal Tax	73,049	41,669
Corporate Tax		21,000

Example assumes married couple with two children under age 15, filing jointly with \$12,000 in mortgage interest and \$12,000 in property taxes.

Depreciation & Expensing




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Depreciation & Expensing



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Business Interest



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Domestic Production Activities



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Business Entertainment

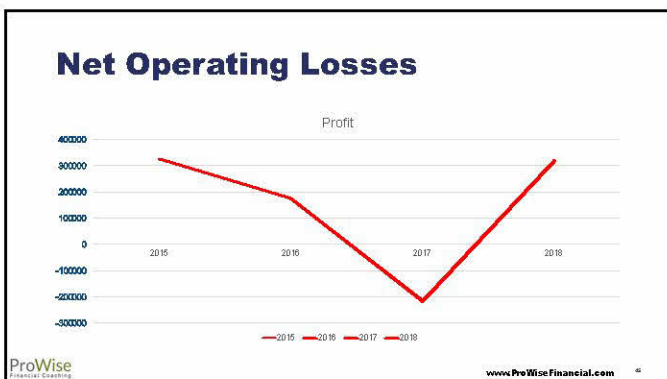


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Fines & Penalties



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Estate Taxes



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Raise a Toast!



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Congressional Living Expenses



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Obamacare "Repeal"



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Stuff That *Didn't* Change



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