

Tax Provision	New Law	Prior Law
<p>Tax Rate Schedules for Individuals</p>	<p>Effective 2018. Single Taxable Income \$ 0 to 9,525 × 10.0% minus \$ 0.00 = Tax 9,526 to 38,700 × 12.0% minus 190.50 = Tax 38,701 to 82,500 × 22.0% minus 4,060.50 = Tax 82,501 to 157,500 × 24.0% minus 5,710.50 = Tax 157,501 to 200,000 × 32.0% minus 18,310.50 = Tax 200,001 to 500,000 × 35.0% minus 24,310.50 = Tax 500,001 and over × 37.0% minus 34,310.50 = Tax</p> <p>MFJ or QW Taxable Income \$ 0 to 19,050 × 10.0% minus \$ 0.00 = Tax 19,051 to 77,400 × 12.0% minus 381.00 = Tax 77,401 to 165,000 × 22.0% minus 8,121.00 = Tax 165,001 to 315,000 × 24.0% minus 11,421.00 = Tax 315,001 to 400,000 × 32.0% minus 36,621.00 = Tax 400,001 to 600,000 × 35.0% minus 48,621.00 = Tax 600,001 and over × 37.0% minus 60,621.00 = Tax</p> <p>MFS Taxable Income \$ 0 to 9,525 × 10.0% minus \$ 0.00 = Tax 9,526 to 38,700 × 12.0% minus 190.50 = Tax 38,701 to 82,500 × 22.0% minus 4,060.50 = Tax 82,501 to 157,500 × 24.0% minus 5,710.50 = Tax 157,501 to 200,000 × 32.0% minus 18,310.50 = Tax 200,001 to 300,000 × 35.0% minus 24,310.50 = Tax 300,001 and over × 37.0% minus 30,310.50 = Tax</p> <p>HOH Taxable Income \$ 0 to 13,600 × 10.0% minus \$ 0.00 = Tax 13,601 to 51,800 × 12.0% minus 272.00 = Tax 51,801 to 82,500 × 22.0% minus 5,452.00 = Tax 82,501 to 157,500 × 24.0% minus 7,102.00 = Tax 157,501 to 200,000 × 32.0% minus 19,702.00 = Tax 200,001 to 500,000 × 35.0% minus 25,702.00 = Tax 500,001 and over × 37.0% minus 35,702.00 = Tax</p> <p>These new tax rates expire after 2025.</p>	<p>Effective 2017. Single Taxable Income \$ 0 to 9,325 × 10.0% minus \$ 0.00 = Tax 9,326 to 37,950 × 15.0% minus 466.25 = Tax 37,951 to 91,900 × 25.0% minus 4,261.25 = Tax 91,901 to 191,650 × 28.0% minus 7,018.25 = Tax 191,651 to 416,700 × 33.0% minus 16,600.75 = Tax 416,701 to 418,400 × 35.0% minus 24,934.75 = Tax 418,401 and over × 39.6% minus 44,181.15 = Tax</p> <p>MFJ or QW Taxable Income \$ 0 to 18,650 × 10.0% minus \$ 0.00 = Tax 18,651 to 75,900 × 15.0% minus 932.50 = Tax 75,901 to 153,100 × 25.0% minus 8,522.50 = Tax 153,101 to 233,350 × 28.0% minus 13,115.50 = Tax 233,351 to 416,700 × 33.0% minus 24,783.00 = Tax 416,701 to 470,700 × 35.0% minus 33,117.00 = Tax 470,701 and over × 39.6% minus 54,769.20 = Tax</p> <p>MFS Taxable Income \$ 0 to 9,325 × 10.0% minus \$ 0.00 = Tax 9,326 to 37,950 × 15.0% minus 466.25 = Tax 37,951 to 76,550 × 25.0% minus 4,261.25 = Tax 76,551 to 116,675 × 28.0% minus 6,557.75 = Tax 116,676 to 208,350 × 33.0% minus 12,391.50 = Tax 208,351 to 235,350 × 35.0% minus 16,558.50 = Tax 235,351 and over × 39.6% minus 27,384.60 = Tax</p> <p>HOH Taxable Income \$ 0 to 13,350 × 10.0% minus \$ 0.00 = Tax 13,351 to 50,800 × 15.0% minus 667.50 = Tax 50,801 to 131,200 × 25.0% minus 5,747.50 = Tax 131,201 to 212,500 × 28.0% minus 9,683.50 = Tax 212,501 to 416,700 × 33.0% minus 20,308.50 = Tax 416,701 to 444,550 × 35.0% minus 28,642.50 = Tax 444,551 and over × 39.6% minus 49,091.80 = Tax</p>
<p>Tax Rate Schedule for Estates and Trusts (Form 1041)</p>	<p>Effective 2018. \$ 0 to 2,550 × 10.0% minus \$ 0.00 = Tax 2,551 to 9,150 × 24.0% minus 357.00 = Tax 9,151 to 12,500 × 35.0% minus 1,363.50 = Tax 12,501 and over × 37.0% minus 1,613.50 = Tax</p>	<p>Effective 2017. \$ 0 to 2,550 × 15.0% minus \$ 0 = Tax 2,551 to 6,000 × 25.0% minus 255.00 = Tax 6,001 to 9,150 × 28.0% minus 435.00 = Tax 9,151 to 12,500 × 33.0% minus 892.50 = Tax 12,501 and over × 39.6% minus 1,717.50 = Tax</p>
<p>Tax Rate Schedule for C corporations (Form 1120)</p>	<p>Effective 2018. For tax years beginning after 2017, all taxable income of a C corporation is taxed at a flat tax rate of 21%. There is no longer a separate tax rate for personal service corporations. There is no longer a separate maximum tax rate on net long-term capital gains. The 70% dividends received deduction is reduced to 50%. The 80% dividends received deduction is reduced to 65%. Special rules apply to the normalization method of accounting for regulated public utilities.</p>	<p>For tax years beginning before 2018, the following tax rate schedule applies to C corporations: \$ 0 to 50,000 × 15.0% minus \$ 0.00 = Tax 50,001 to 75,000 × 25.0% minus 5,000.00 = Tax 75,001 to 100,000 × 34.0% minus 11,750.00 = Tax 100,001 to 335,000 × 39.0% minus 16,750.00 = Tax 335,001 to 10,000,000 × 34.0% minus 0.00 = Tax 10,000,001 to 15,000,000 × 35.0% minus 100,000.00 = Tax 15,000,001 to 18,333,333 × 38.0% minus 550,000.00 = Tax 18,333,334 and over × 35.0% minus 0.00 = Tax</p> <p>The following are exceptions to the above tax rate schedule:</p> <ul style="list-style-type: none"> • Personal service corporations pay a flat 35% tax on all taxable income. • If the maximum corporate tax rate (top marginal rate) exceeds 35%, the maximum rate on net long-term capital gains is 35%. • A deduction is allowed for dividends received from other taxable domestic corporation. The deduction is 70% of the dividends received, increased to 80% for a 20% owned corporation, and 100% for a member of the same affiliated and 100% for a member of the same affiliated

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<p>Capital Gain and Qualified Dividend Maximum Tax Rates</p>	<p>Effective 2018. The breakpoints no longer follow the tax brackets for regular income tax purposes. For 2018, the breakpoints are as follows:</p> <p>Single Taxable Income \$ 0 to 38,600 maximum rate = 0% 38,601 to 425,800 maximum rate = 15% 425,801 and over maximum rate = 20%</p> <p>MFJ or QW Taxable Income \$ 0 to 77,200 maximum rate = 0% 77,201 to 479,000 maximum rate = 15% 479,001 and over maximum rate = 20%</p> <p>MFS Taxable Income \$ 0 to 38,600 maximum rate = 0% 38,601 to 239,500 maximum rate = 15% 239,501 and over maximum rate = 20%</p> <p>HOH Taxable Income \$ 0 to 51,700 maximum rate = 0% 51,701 to 452,400 maximum rate = 15% 452,401 and over maximum rate = 20%</p> <p>Estates and Trusts Taxable Income \$ 0 to 2,600 maximum rate = 0% 2,601 to 12,700 maximum rate = 15% 12,701 and over maximum rate = 20%</p> <p>The breakpoints for the 25% maximum rate for unrecaptured section 1250 gain, and the 28% maximum rate for 28% rate gain follows prior law. Thus, the 25% and 28% maximum rates apply when taxable income exceeds the 24% tax bracket for regular income tax purposes.</p>	<p>group of corporations.</p> <p>In the case of an individual, estate, or trust, any adjusted net long-term capital gain (including qualified dividends) which otherwise would be taxed at the 10% or 15% rate for regular income tax purposes is not taxed. Any adjusted net long-term capital gain which otherwise would be taxed at rates over 15% and below 39.6% is taxed at a 15% rate. Any adjusted net long-term capital gain which otherwise would be taxed at a 39.6% rate is taxed at a 20% rate. The maximum rate is 25% for unrecaptured section 1250 gain, and 28% for gain from the sale of collectibles.</p>																				
<p>Kiddie Tax</p>	<p>Effective 2018. The parent's tax rate is no longer used to calculate kiddie tax. Instead, taxable income attributable to net unearned income is taxed according to the tax brackets applicable to trusts and estates, with respect to both ordinary income and income taxed at the preferential net long-term capital gain rates.</p> <p>This provision expires after 2025.</p>	<p>Effective 2017. The kiddie tax generally applies to children under age 19 (24 if full-time student) who have unearned income in excess of \$2,100. Unearned income in excess of \$2,100 is taxed at the parents' tax rates if the parents' tax rates are higher than the tax rates of the child. If a parent has more than one child subject to the kiddie tax, the net unearned income of all children is combined in calculating tax at the parent's tax rate.</p>																				
<p>Standard Deduction</p>	<p>Effective 2018. The 2018 standard deduction is as follows:</p> <table border="0"> <tr> <td>Single or MFS.....</td> <td>\$12,000</td> </tr> <tr> <td>MFJ or QW.....</td> <td>\$24,000</td> </tr> <tr> <td>HOH.....</td> <td>\$18,000</td> </tr> </table> <p>The following additional standard deduction applies for a taxpayer age 65 or older, or blind, per person, per event:</p> <table border="0"> <tr> <td>MFJ, QW, or MFS</td> <td>\$1,300</td> </tr> <tr> <td>Single or HOH.....</td> <td>\$1,600</td> </tr> </table> <p>The increased standard deduction expires after 2025.</p>	Single or MFS.....	\$12,000	MFJ or QW.....	\$24,000	HOH.....	\$18,000	MFJ, QW, or MFS	\$1,300	Single or HOH.....	\$1,600	<p>Effective 2017. The 2017 standard deduction is as follows:</p> <table border="0"> <tr> <td>Single or MFS.....</td> <td>\$6,350</td> </tr> <tr> <td>MFJ or QW.....</td> <td>\$12,700</td> </tr> <tr> <td>HOH.....</td> <td>\$9,350</td> </tr> </table> <p>The following additional standard deduction applies for a taxpayer age 65 or older, or blind, per person, per event:</p> <table border="0"> <tr> <td>MFJ, QW, or MFS</td> <td>\$1,250</td> </tr> <tr> <td>Single or HOH.....</td> <td>\$1,550</td> </tr> </table> <p>For a taxpayer that can be claimed by another taxpayer as a dependent, the standard deduction is the greater of \$1,050, or earned income plus \$350, up to the regular standard deduction.</p>	Single or MFS.....	\$6,350	MFJ or QW.....	\$12,700	HOH.....	\$9,350	MFJ, QW, or MFS	\$1,250	Single or HOH.....	\$1,550
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HOH.....	\$9,350																					
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Single or HOH.....	\$1,550																					
<p>Personal Exemption Deduction</p>	<p>Effective 2018. The deduction for personal exemptions is suspended for tax years 2018 through 2025</p>	<p>Effective 2017. The personal exemption per person is \$4,050. This amount is phased out in the case of an individual with AGI in excess of:</p> <table border="0"> <tr> <td>MFJ or QW.....</td> <td>\$313,800</td> </tr> <tr> <td>Single</td> <td>\$261,500</td> </tr> <tr> <td>HOH.....</td> <td>\$287,650</td> </tr> <tr> <td>MFS.....</td> <td>\$156,900</td> </tr> </table> <p>No deduction is allowed if the individual can be claimed as a depended by another taxpayer.</p>	MFJ or QW.....	\$313,800	Single	\$261,500	HOH.....	\$287,650	MFS.....	\$156,900												
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Itemized Deductions Overall Limitations	<p>Effective 2018. The phase-out of the itemized deductions provision is suspended for tax years 2018 through 2025.</p>	<p>Effective 2017. Itemized deductions begin to phase-out when AGI exceeds the following threshold amounts:</p> <table style="margin-left: 40px;"> <tr> <td>MFJ, QW.....</td> <td>\$313,800</td> </tr> <tr> <td>HOH.....</td> <td>\$287,650</td> </tr> <tr> <td>Single</td> <td>\$261,500</td> </tr> <tr> <td>MFS.....</td> <td>\$156,900</td> </tr> </table> <p>The otherwise allowable itemized deductions may not be reduced by more than 80% by reason of the overall limit on itemized deductions.</p>	MFJ, QW.....	\$313,800	HOH.....	\$287,650	Single	\$261,500	MFS.....	\$156,900
MFJ, QW.....	\$313,800									
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Medical Expenses	<p>Effective 2017 and 2018 only. The threshold for deducting medical expenses is 7.5% of AGI for all taxpayers. For these years, the 7.5% threshold applies for purposes of the AMT in addition to the regular tax. After 2018, the threshold increases to 10% for all taxpayers for both regular tax and AMT purposes. This provision expires after 2025.</p>	<p>Individuals may claim an itemized deduction for unreimbursed medical expenses, but only to the extent that such expenses exceed 10% of adjusted gross income (AGI). For tax years beginning before January 1, 2017, the 10% threshold is reduced to 7.5% in the case of taxpayers who have attained the age of 65 before the close of the tax year. In the case of married taxpayers, the 7.5% threshold applies if either spouse has obtained the age of 65 before the close of the tax year. The threshold for all taxpayers is 10% for AMT purposes.</p>								
Home Mortgage Interest Deduction	<p>Effective 2018. The acquisition debt limit is reduced to \$750,000. The \$1 million debt limit still applies if a taxpayer has entered into a binding written contract before December 15, 2017 to close on the purchase of a principal residence before January 1, 2018, and actually purchases the residence before April 1, 2018. The \$1 million debt limit also continues to apply for acquisition debt incurred before December 15, 2017 that is refinanced on or after December 15, 2017. Interest on home equity debt is no longer deductible. The new mortgage interest limits expire after 2025.</p>	<p>Interest paid on a home mortgage for a principal residence and one other residence is deductible as an itemized deduction, subject to limits on the amount of debt secured by the residence. Acquisition debt (debt to purchase or improve a residence) is limited to \$1 million. Home equity debt (any debt secured by the residence that is not acquisition debt) is limited to \$100,000. Acquisition debt that is refinanced is still acquisition debt, provided the refinanced amount does not exceed the loan balance of the acquisition debt immediately prior to it being refinanced, plus any amount used to improve the residence.</p>								
Taxes Paid – Itemized Deductions	<p>Effective 2018. The new law limits, as an itemized deduction, up to \$10,000 (\$5,000 MFS) for the aggregate of:</p> <ol style="list-style-type: none"> 1) State and local property taxes not paid or accrued in carrying on a trade or business, or an activity described in IRC section 212, and 2) State and local income, war profits, and excess profits taxes (or sales taxes in lieu of income taxes, etc.) paid or accrued in the taxable year. <p>An itemized deduction for foreign property taxes not connected with a trade or business is no longer allowed. Special rules prevent the deduction in 2017 of pre-paid 2018 state and local income taxes to avoid the deduction limitation for 2018. Such pre-payments are considered 2018 payments, subject to the 2018 limitations. The new limitation on taxes paid expires after 2025.</p>	<p>Certain taxes that are not paid in connection with a trade or business are deductible as itemized deductions. These taxes include:</p> <ol style="list-style-type: none"> 1) State and local real and foreign property taxes, 2) State and local personal property taxes, 3) State, local, and foreign income, war profits, and excess profits taxes. <p>At the election of the taxpayer, an itemized deduction may be taken for state and local general sales taxes in lieu of state and local income taxes.</p>								
Charitable Contributions	<p>Effective 2017. Effective for 2017, the exception to the contemporaneous written acknowledgement requirement under IRC section 170(f)(8)(D) is repealed. Thus, the taxpayer must obtain a contemporaneous written acknowledgement for any contribution of \$250 or more. Effective 2018. The new law makes the following modifications to the charitable contribution rules:</p> <ul style="list-style-type: none"> • The percentage of AGI limitation for charitable contributions by an individual taxpayer of cash to public charities and certain other organizations is 	<p>In general, a charitable contribution of \$250 or more requires the taxpayer to obtain a contemporaneous written acknowledgment from the charitable organization to substantiate the contribution. An exception to this requirement is found in IRC section 170(f)(8)(D). This exception applies where the recipient organization files a tax return with the IRS that provides the same information that is required in a contemporaneous written acknowledgement letter. The IRS has yet to issue regulations providing guidance for this provision.</p>								

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	<p>increased from 50% to 60%, and</p> <ul style="list-style-type: none"> • No charitable deduction is allowed for a payment to a higher educational institution in exchange for which the payor receives the right to purchase tickets or seating at an athletic event. 	<p>Another provision applies to the AGI limitation on the amount of deductible charitable contributions that are allowed for the year. In general, cash contributions to public charities are subject to a 50% of AGI limitation. Cash contributions to non-operating private foundations are generally limited to 30% of AGI. Capital gain property donated to a 50% limit organization is subject to the 30% of AGI limit. And capital gain property donated for the use of a charity that is not a 50% limit organization (non-operating private foundations, etc.) is subject to a 20% of AGI limitation.</p> <p>Another provision applies to college athletic seating rights. In general, where a taxpayer receives or expects to receive a substantial return benefit for a payment to charity, the payment is not deductible as a charitable contribution. However, special rules apply to certain payments to institutions of higher education in exchange for which the payor receives the right to purchase tickets or seating at an athletic event. Specifically, the payor may treat 80% of a payment as a charitable contribution where:</p> <ol style="list-style-type: none"> 1) The amount is paid to or for the benefit of an institution of higher education, and 2) Such amount would be allowable as a charitable deduction but for the fact that the taxpayer receives (directly or indirectly) as a result of the payment the right to purchase tickets for seating at an athletic event in an athletic stadium of such institution.
<p>Casualty Loss – Personal</p>	<p>Effective 2018. A personal casualty loss is deductible (subject to the prior law limitations) only if such loss is attributable to a Federally Declared Disaster Area that is declared by the President. This provision expires after 2025.</p>	<p>Personal casualty losses consisting of property losses arising from fire, storm, shipwreck, or other casualty, or from theft are deductible on Schedule A (Form 1040) only if they exceed \$100 per casualty or theft. In addition, aggregate net casualty and theft losses are deductible only to the extent they exceed 10% of an individual taxpayer’s adjusted gross income.</p>
<p>Miscellaneous Itemized Deductions Subject to the 2% of AGI Limitation</p>	<p>Effective 2018. Expenses that were subject to the 2% AGI limit for miscellaneous itemized deductions under prior law are no longer deductible. This provision expires after 2025.</p>	<p>The following categories of miscellaneous expenses are deductible on Schedule A (Form 1040) to the extent that the combined total exceeds 2% of the taxpayer’s AGI:</p> <ul style="list-style-type: none"> • Investment expenses, • Tax preparation fees, • Unreimbursed employee business expenses, • Repayment of income that is \$3,000 or less, • Repayment of Social Security benefits, and • Distributive share of investment expenses from pass-through entities.
<p>Penalty for Not Having Health Insurance</p>	<p>Effective 2019. The penalty tax under ACA for not having minimum essential health insurance coverage is zero. Penalty is intact for 2017 and 2018.</p>	<p>Under the Affordable Care Act (ACA), individuals must be covered by a health plan that provides at least minimum essential coverage or be subject to a tax (also referred to as a penalty) for failure to maintain the coverage (commonly referred to as the individual mandate). Minimum essential coverage includes government-sponsored programs (Medicare, Medicaid, CHIP, etc.), eligible employer-sponsored plans, individual market health insurance, grandfathered group health plans, grandfathered health insurance coverage, and other coverage as recognized by the Secretary of Health and Human Services (HHS). The penalty tax</p>

Tax Provision	New Law	Prior Law
		is imposed for any month that an individual does not have minimum essential coverage unless the individual qualifies for an exemption for the month (such as unaffordable coverage, hardships, etc.)
<p>Deduction for Qualified Business Income (Pass-Through Entity Deduction)</p>	<p>Effective 2018. An individual taxpayer generally may deduct 20% of qualified business income from a partnership, S corporation, or sole proprietorship, as well as 20% of aggregate qualified REIT dividends, qualified cooperative dividends, and qualified publicly traded partnership income. In the case of a partnership or S corporation, the deduction applies at the partner or shareholder level. Special rules apply to specified agricultural or horticultural cooperatives.</p> <p>A limitation based on W-2 wages and capital is phased in when the taxpayer's taxable income exceeds a \$157,500 (\$315,000 MFJ) threshold amount. A disallowance of the deduction with respect to specified service trades or businesses is also phased in when taxable income exceeds the threshold amount. These limitations are phased-in if taxable income exceeds the threshold amount but is below \$207,500 (\$415,000 MFJ) (the phase-in range). For purposes of this provision, taxable income is computed without regard to the 20% deduction.</p> <p>Qualified business income means the net amount of qualified items of income, gain, deduction, and loss with respect to a domestic qualified trade or business of the taxpayer. Qualified business income does not include specified investment-related items of income, deductions, or loss (dividends, interest, long-term capital gains and losses, annuities). Qualified business income does not include any amount paid by an S corporation that is treated as reasonable compensation of the taxpayer. Similarly, qualified business income does not include a reasonable amount of guaranteed payments for services rendered by a partner.</p> <p>A qualified trade or business means any trade or business other than a specified service trade or business, and other than the trade or business of being an employee. A specified service trade or business means any trade or business involving the performance of services in the fields of health, law, accounting, actuarial science, performing arts, consulting, athletics, financial services, brokerage services, or any trade or business where the principal asset of such trade or business is the reputation or skill of one or more of its employees or owners, or which involves the performance of services that consist of investing and investment management trading, or dealing in securities, partnership interests, or commodities. The specified service trade or business exclusion from the definition of a qualified trade or business is phased-in for taxpayers that exceed the threshold amount. It does not apply to taxpayers below the threshold amount.</p> <p>These new provisions expire after 2025.</p>	<p>No provision. Business owners pay tax on net-profits from pass-through business income at the same tax rate that applies to any other taxable income (other than the special rate that applies to long-term capital gains and qualified dividends).</p>
<p>Bonus Depreciation</p>	<p>The prior law phase-down of bonus depreciation still applies for property acquired before September 28, 2017 but placed in service after September</p>	<p>An additional first-year depreciation deduction (bonus depreciation) is allowed equal to 50% of the adjusted basis of qualified property acquired and</p>

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	<p>27, 2017. The new law increases the bonus depreciation to 100% for property acquired (and placed in service) after September 27, 2017, with a new phase-down schedule for years after 2022. For a taxpayer's first tax year ending after September 27, 2017 (the 2017 tax year for calendar year taxpayers), a taxpayer can elect to apply the 50% allowance instead of the 100% allowance. The chart below provides the new percentages and phase-down amounts for each year.</p> <p>New and used property. The new law removes the requirement that the original use of qualified property must commence with the taxpayer. Thus, bonus depreciation is allowed for both new and used property.</p> <p>Automobile Section 280F limits for bonus depreciation. The new law maintains the IRC section 280F increase amount of \$8,000 for passenger automobiles placed in service after December 31, 2017.</p> <p>Thus, the phase-down under prior law for autos placed in service after 2017 no longer applies. The prior law phase-down still applies to automobiles acquired before September 28, 2017 and placed in service after September 27, 2017.</p> <p>Regulated public utilities. The new law removes water utility property from bonus depreciation if rates are regulated by a governmental body.</p>	<p>placed in service before January 1, 2020 (January 1, 2021, for longer production period property and certain aircraft). The 50% allowance is phased down for property placed in service after December 31, 2017 (after December 31, 2018 for longer production period property and certain aircraft). The percentage is 40% for 2018, 30% for 2019, and zero for 2020 (2019, 2020, and 2021 for longer production period property, etc.)</p> <p>Property qualifying for bonus depreciation must meet all of the following requirements:</p> <ul style="list-style-type: none"> • The property must be: <ol style="list-style-type: none"> 1) Property to which MACRS applies with an applicable recovery period of 20 years or less, 2) Water utility property, 3) Computer software other than computer software covered by IRC section 197, or 4) Qualified improvement property. • The original use of the property must commence with the taxpayer (used property purchased by the taxpayer does not qualify). • The taxpayer must acquire the property within the applicable time period. • The property must be placed in service before January 1, 2020 (January 1, 2021 for certain long-life, transportation property, and certain aircraft) <p>Special rules apply for passenger automobiles that are subject to the IRC section 280F depreciation limitations (the luxury auto depreciation limits). The 50% bonus depreciation amount does not apply. Instead, the 280F limitation is increased by \$8,000 for the first year depreciation deduction. This \$8,000 increase is phased down to \$6,400 for 2018, \$4,800 for 2019, and zero for 2020 and all years after. While the 280F limitation is indexed for inflation, the 280F increase for bonus depreciation is not indexed.</p>
Placed in Service	Bonus Depreciation Percentage	
	Qualified Property in General, Plants Bearing Fruits and Nuts	Longer Production Period Property, Certain Aircraft
Portion of Basis of Qualified Property Acquired before September 28, 2017		
9/28/2017-12/31/2017	50%	50%
2018	40%	50%
2019	30%	40%
2020	0%	30%*
2021 and after	0%	0%
Portion of Basis of Qualified Property Acquired after September 27, 2017		
9/28/2017-12/31/2022	100%	100%
2023	80%	80%
2024	60%	60%
2025	40%	40%
2026	20%	20%*
2027	0%	0%
2028 and after	0%	0%
* Applies to the adjusted basis attributable to manufacture, construction, or production in prior years with remaining adjusted basis not qualifying for bonus depreciation.		

Section 179

Effective 2018. The new law increases the maximum

A taxpayer may elect under IRC section 179 to

Tax Provision	New Law	Prior Law
<p>Expense Deduction</p>	<p>amount a taxpayer may expense under section 179 to \$1,000,000, and increases the phase-out threshold amount to \$2,500,000. Thus, the provision provides that the maximum amount a taxpayer may expense, for tax years beginning after 2017, is \$1,000,000 of the cost of qualifying property placed in service for the tax year. The \$1,000,000 amount is reduced (but not below zero) by the amount by which the cost of qualifying property placed in service during the tax year exceeds \$2,500,000. The \$1,000,000 and \$2,500,000 amounts, as well as the \$25,000 sport utility vehicle limitation, are indexed for inflation for tax years beginning after 2018. The new law expands the definition of Section 179 property to include certain depreciable tangible personal property used predominantly to furnish lodging or in connection with furnishing lodging. Property used predominantly to furnish lodging or in connection with furnishing lodging generally includes beds and other furniture, refrigerators, ranges, and other equipment used in the living quarters of a lodging facility such as an apartment house, dormitory, or any other facility (or part of a facility) where sleeping accommodations are provided.</p> <p>The new law also expands the definition of qualified real property eligible for Section 179 expensing to include any of the following improvements to nonresidential real property placed in service after the date such property was first placed in service:</p> <ul style="list-style-type: none"> • Roofs, • Heating, ventilation, and air-conditioning property, • Fire protection and alarm systems, and • Security systems. 	<p>deduct or expense the cost of qualifying property, rather than to recover such costs through depreciation deductions, subject to limitation. The maximum amount a taxpayer may expense is \$510,000 (2017 inflation adjusted amount) of the cost of qualifying property placed in service for the tax year. The \$510,000 amount is reduced (but not below zero) by the amount by which the cost of qualifying property placed in service during the tax year exceeds \$2,030,000 (2017 inflation adjusted amount). In general, qualifying property is defined as depreciable tangible personal property that is purchased for use in the active conduct of a trade or business. Qualifying property also includes off-the-shelf computer software and certain qualified real property (leasehold improvement property, restaurant property, and retail improvement property). Qualifying property does not include property used for lodging, such as furniture and appliances used in a residential rental activity.</p>
<p>Luxury Auto Depreciation Limits</p>	<p>Effective 2018. The new law increases the depreciation limitations under IRC section 280F that apply to listed property. For passenger automobiles placed in service after December 31, 2017, and for which bonus depreciation under IRC section 168(k) is not claimed, the maximum amount of allowable depreciation is \$10,000 for the year in which the vehicle is placed in service, \$16,000 for the second year, \$9,600 for the third year, and \$5,760 for the fourth and later years in the recovery period. The limitations are indexed for inflation for passenger automobiles placed in service after 2018. The provision removes computer or peripheral equipment from the definition of listed property. Such property is therefore not subject to the heightened substantiation requirements that apply to listed property.</p>	<p>IRC section 280F(a) limits the annual cost recovery deduction with respect to certain passenger automobiles. This limitation is commonly referred to as the luxury automobile depreciation limitation. For passenger automobiles placed in service in 2017, and for which bonus depreciation under IRC section 168(k) is not claimed, the maximum amount of allowable depreciation is \$3,160 for the year in which the vehicle is placed in service, \$5,100 for the second year, \$3,050 for the third year, and \$1,875 for the fourth and later years in the recovery period. This limitation is indexed for inflation and applies to the aggregate deduction provided under present law for depreciation and IRC section 179 expensing. Hence, passenger automobiles subject to the 280F limits are eligible for 179 expensing only to the extent of the applicable limits contained in IRC section 280F.</p>
<p>Child Tax Credit and New Family Credit</p>	<p>Effective 2018. The Child Tax Credit is increased to \$2,000 per qualifying child under the age of 17. The credit is phased out when modified AGI exceeds \$400,000 for MFJ and \$200,000 for all other taxpayers. The portion of the credit that exceeds regular tax liability may be refundable (calculated the same as under prior law), except that the refundable portion cannot exceed \$1,400 per qualifying child.</p> <p>A new non-refundable Family Credit of \$500 is</p>	<p>The Child Tax Credit is \$1,000 per qualifying child under the age of 17. The credit is phased out when modified AGI exceeds \$75,000 for single, HOH, and QW, \$110,000 for MFJ, and \$55,000 for MFS. The portion of the credit that exceeds regular tax liability is allowed as a refundable credit, up to 15% of earned income in excess of \$3,000. If the family has three or more children, the refundable portion is equal to the taxpayer's Social Security tax paid that exceeds the taxpayer's Earned Income Credit, if this</p>

Tax Provision	New Law	Prior Law
	<p>allowed for each person that is not a qualifying child, but is a qualifying dependent under the old dependency rules (with the exception of residents of Canada and Mexico). Thus, a child over age 16 that no longer qualifies for the \$2,000 credit may be allowed a \$500 credit, assuming the old dependency rules are met.</p> <p>The increased Child Tax Credit and new Family Credit expire after 2025.</p>	<p>calculation results in a higher amount.</p>
Net Operating Loss (NOL)	<p>Effective 2018. For losses arising in tax years beginning in 2018, the NOL deduction is limited to 80% of taxable income (taxable income for the year in which it is carried to, determined without regard to the NOL deduction). This limitation does not apply to a property and casualty insurance company.</p> <p>The new law repeals the two-year carryback and the special carryback provisions, but provides a two-year carryback in the case of certain losses incurred in the trade or business of farming.</p> <p>In addition, the new law provides a two-year carryback and 20-year carryforward for NOLs of a property and casualty insurance company.</p> <p>NOL carryovers are adjusted to take into account the 80% of taxable income limitation, and may be carried forward indefinitely (until used up).</p>	<p>A net operating loss (NOL) generally means the amount by which a taxpayer's business deductions exceed its gross income. In general, an NOL may be carried back two years and carried over 20 years to offset taxable income in such years. NOLs offset taxable income in the order of the tax years to which the NOL may be carried.</p> <p>Different carryback periods apply with respect to NOLs arising in different circumstances. Extended carryback periods are allowed for NOLs attributable to specified liability losses and certain casualty and disaster losses. Limitations are placed on the carryback of excess interest losses attributable to corporate equity reduction transactions.</p>
Section 529 Qualified Tuition Programs	<p>Effective 2018. 529 plans can allow distributions of up to \$10,000 per-student to pay tuition expenses for a public, private, or religious elementary or secondary school. The rules for postsecondary educational institutions are unchanged.</p>	<p>529 plans allow a person to purchase tuition credits or to make contributions to an account that is established to pay the qualified higher education expenses for a designated beneficiary. The contributions are not tax deductible, but income accumulated inside the account grows tax-free. If funds from the account are used to pay qualified higher education expenses, the distributions from the account are tax-free. There is no annual contribution or distribution limit, provided that distributions are used to pay for qualified higher education expenses. Qualified higher education expenses include tuition, fees, books, supplies, etc. that enable a student to attend a college, university, vocational school, or other accredited postsecondary educational institution.</p>
ABLE Accounts	<p>Effective 2018. Funds in a qualified tuition program (529 plan) can be rolled over tax-free into an ABLE account provided the designated beneficiary of the ABLE account is the same as the 529 plan, or a member of the designated beneficiary's family.</p> <p>The designated beneficiary can also contribute additional amounts to his or her own ABLE account in excess of the annual gift tax exclusion amount and take the Saver's Credit for the contribution under IRC section 25B.</p> <p>This provision expires after 2025.</p>	<p>An ABLE account is a tax-favored savings program that provides benefits for disabled individuals. Similar to a 529 plan, an ABLE account allows non-deductible contributions into the account to grow tax deferred. Distributions from the account are tax-free to the extent they are used to pay qualified disability expenses of the designated beneficiary. Contributions to an ABLE account are limited to the annual gift tax exclusion amount for the year.</p>
Student Loans	<p>Effective 2018. The exclusion of student loan debt discharged from gross income is modified to include within the exclusion certain discharges on account of death or disability of the student.</p> <p>This provision expires after 2025.</p>	<p>Cancellation of debt is generally included in taxable income. One exception is the discharge of certain student loan debt. This exception applies when the debt forgiveness is contingent on the student working for a certain period of time in a certain profession, such as working as a health care worker in an area with unmet needs.</p>
Alimony	<p>Effective 2019. Alimony is no longer deductible by the payor spouse and includible in income by the recipient spouse. This rule only applies for divorce</p>	<p>Alimony and separate maintenance payments are deductible by the payor spouse and includible in income by the recipient spouse. Child support</p>

Tax Provision	New Law	Prior Law
	<p>or separation instruments executed after December 31, 2018, and instruments executed on or before December 31, 2018 but modified after that date to include these new provisions.</p>	<p>payments are not treated as alimony.</p>
<p>Moving Expenses</p>	<p>Effective 2018. The moving expense deduction and the exclusion from income provision is allowed only to members of the Armed Forces (or their spouse or dependents) on active duty that move pursuant to a military order and incident to a permanent change of station. This provision expires after 2025.</p>	<p>Moving expenses are deductible if paid or incurred in connection with the commencement of work by the taxpayer as an employee or as a self-employed individual at a new principal place of work. Such expenses are deductible only if the move meets certain conditions related to distance from the taxpayer's previous residence and the taxpayer's status as a full-time employee in the new location. If an employer reimburses the qualified moving expenses of an employee, such reimbursement are excluded from the employee's income, provided the expenses would have been deductible moving expenses if paid by the employee (and not reimbursed by the employer). In the case of a member of the U.S. military who is on active duty and moves pursuant to a military order incident to a permanent change of station, the limitations related to distance from the taxpayer's previous residence and status as a full-time employee in the new location do not apply. Any moving and storage expenses which are furnished in kind, reimbursed, or given as an allowance to the military member (and spouse and dependents) is excluded from gross income.</p>
<p>Entertainment Expense Deduction</p>	<p>Effective 2018. The new law provides that no deduction is allowed with respect to: 1) An activity generally considered to be entertainment, amusement or recreation, 2) Membership dues with respect to any club organized for business, pleasure, recreation or other social purposes, or 3) A facility or portion thereof used in connection with any of the above items. Thus, the provision repeals the prior law exception to the deduction disallowance for entertainment, amusement, or recreation that is directly related to (or, in certain cases, associated with) the active conduct of the taxpayer's trade or business (and the related rule applying a 50% limit to such deductions). The new law also disallows a deduction for expenses associated with providing any qualified transportation fringe to employees of the taxpayer, and except as necessary for ensuring the safety of an employee, any expense incurred for providing transportation (or any payment or reimbursement) for commuting between the employee's residence and place of employment. Taxpayers may still generally deduct 50% of the food and beverage expenses associated with operating their trade or business (e.g., meals consumed by employees on work travel). For amounts incurred and paid after December 31, 2017 and until December 31, 2025, the law expands this 50% limitation to expenses of the employer associated with providing food and beverages to employees through an eating facility that meets requirements for de minimis fringes and for the convenience of the employer. Such amounts incurred and paid after December 31, 2025 are not deductible.</p>	<p>There are a number of exceptions to the general rule disallowing deduction of entertainment expenses and the rules limiting deductions to 50% of the otherwise deductible amount. One exception applies when the expense is included in an employee's gross income as taxable wages, or excludable as a fringe benefit under a provision in the Internal Revenue Code. For example, the cost of employer-provided qualified transportation fringe benefits, such as qualified parking, transit passes, and vanpool benefits is deductible by the employer and excluded from the employee's W-2 wages. Another example applies to meals furnished to an employee for the convenience of the employer that are provided on the employer's business premises. Such costs are deductible by the employer and excluded from the employee's W-2 income.</p>

Tax Provision	New Law	Prior Law
Bicycle Commuting Reimbursement Exclusion	Effective 2018. The bicycle commuting reimbursement exclusion is repealed. Any reimbursements are taxable to the employee. The repeal of the exclusion does not apply after 2025	Qualified bicycle commuting reimbursements of up to \$20 per month are excludible from an employee's gross income. Bicycle commuting expenses are those incurred for the purchase of a bicycle and bicycle improvements, repair, and storage, if the bicycle is regularly used for travel between the employee's residence and place of employment.
IRA Reconversions	Effective 2018. Effective for 2018, the reconversion rules cannot be used to unwind a Roth conversion. For example, an individual may make a contribution for a year to a Roth IRA and, before the due date of the tax return, recharacterize it as a contribution to a traditional IRA. Likewise, an individual may make a contribution to a traditional IRA and later convert it into a Roth IRA. However, if a traditional IRA contribution is recharacterized as a Roth IRA contribution, the Roth IRA cannot be reconverted back into a traditional IRA.	An IRA contribution for a tax year (traditional or Roth) can be recharacterized as the other type of IRA contribution (traditional or Roth) before the due date (including extensions) for filing the tax return for the year in which the original contribution was made. The taxpayer is then allowed to reconvert the recharacterized contribution back into the other type of IRA (traditional or Roth). Certain holding periods apply before the recharacterized contribution can be reconverted back to the original contribution.
Estate and Gift Tax Exemption Amount	Effective 2018. The estate and gift tax exemption amount is doubled to \$10 million, adjusted for inflation occurring after 2011.	Effective 2017. For decedents dying in 2017, the inflation adjusted estate and gift tax exemption amount is \$5.49 million. This is based upon a \$5 million exemption amount applicable for 2011, adjusted each year after 2011 for inflation.
AMT Exemptions and Phase-out Ranges – Individuals	Effective 2018. The AMT exemption amounts are as follows: Single or HOH..... \$70,300 MFJ or QW.....\$109,400 MFS..... \$54,700 The AMT exemption amount is reduced by 25% of the amount by which the taxpayer's AMTI exceeds the beginning of the phase-out range. The phase-out ranges are as follows: Single or HOH..... \$500,000 to \$781,200 MFJ or QW..... \$1,000,000 to \$1,437,600 MFS..... \$500,000 to \$718,800 These amounts are indexed each year for inflation after 2018. The increased AMT exemption amounts and phase-out ranges expire after 2025.	Effective 2017. The AMT exemption amounts are as follows: Single or HOH..... \$54,300 MFJ or QW..... \$84,500 MFS..... \$42,250 The AMT exemption amount is reduced by 25% of the amount by which the taxpayer's AMTI exceeds the beginning of the phase-out range. The phase-out ranges are as follows: Single or HOH..... \$120,700 to \$337,900 MFJ or QW..... \$160,900 to \$498,900 MFS..... \$80,450 to \$249,450
AMT – Corporations	Effective 2018. The AMT for corporations is repealed. Any AMT credits are allowed to offset the regular tax liability for any tax year. In addition, the AMT credit is refundable for any tax year beginning after 2017 and before 2021 in an amount equal to 50% of the excess of the Minimum Tax Credit for the tax year over the amount of the credit allowable for the year against regular tax liability. For the tax year beginning in 2021, the 50% refundable amount is increased to 100%. Thus, the full amount of any Minimum Tax Credit remaining will be allowed in full for the tax year beginning in 2021.	C corporations are not subject to AMT unless average gross receipts are \$7.5 million or more for the prior three tax years. The \$7.5 million threshold is reduced to \$5 million for the corporation's first three tax years. If a corporation is subject to AMT, it is allowed an AMT credit in a subsequent year to the extent regular tax liability exceeds its tentative minimum tax in that subsequent year.
Farm Property Depreciation Methods	Effective 2018. The new law shortens the recovery period from 7 to 5 years for any machinery or equipment (other than any grain bin, cotton ginning asset, fence, or other land improvement) used in a farming business, the original use of which commences with the taxpayer and is placed in service after December 31, 2017. Original use means the 5-year recovery period does not apply to used equipment. The new law also repeals the required use of the	Farm property generally uses the same recovery periods as other taxpayers. Thus, farm equipment and machinery is depreciated using a 7-year recovery period. Farm property (other than nonresidential real property, residential rental property, and trees or vines bearing fruits or nuts) is subject to the 150% declining balance method.

Tax Provision	New Law	Prior Law
	<p>150% declining balance method for property used in a farming business (i.e., for 3-, 5-, 7-, and 10-year property). The 150% declining balance method will continue to apply to any 15-year or 20-year property used in the farming business to which the straight line method does not apply, or to property for which the taxpayer elects the use of the 150% declining balance method.</p>	
<p>Business Interest Deduction</p>	<p>Effective 2018. The law places new limits on the deduction for interest paid on business debt for taxpayers with average annual gross receipts in excess of \$25 million. For such a taxpayer, the deduction for business interest is limited to the sum of:</p> <ol style="list-style-type: none"> 1) Business interest income for the tax year, 2) 30% of the adjusted taxable income of the taxpayer for the tax year (but not below zero), and 3) The floor plan financing interest of the taxpayer for the tax year. <p>Special rules apply to the calculation of taxable income for partnerships and S corporations, which take the interest deduction at the entity level rather than the partner or shareholder level. Floor plan financing means business debt used to acquire motor vehicles to be held as inventory for sale or lease.</p>	<p>Interest paid on business debt is deductible on the business tax return if the loan proceeds are traceable to a business use. The deduction is limited by various other provisions, such as the uniform capitalization rules that require interest to be capitalized rather than taken as a current deduction.</p>
<p>Disaster Area Relief for 2016 Disasters</p>	<p>The new law provides similar relief for any Federally Declared Disaster Area from 2016. Provisions that are similar to the 2017 disaster relief act include:</p> <ul style="list-style-type: none"> • 10% early withdrawal penalty from retirement plans does not apply to qualified 2016 disaster distributions. • Rollover period for qualified 2016 disaster distributions is extended from 60 days to three years. • Income from qualified 2016 disaster distributions is included in income over a 3-year period. • Casualty loss 10% of AGI limit does not apply, \$100 per casualty limit increased to \$500, and the deduction can be added to the standard deduction if the taxpayer otherwise does not itemize. <p>Taxpayers can amend prior year returns to take advantage of these provisions.</p>	<p>The Disaster Tax Relief Act of 2017 allowed special tax breaks for taxpayers affected by Hurricane Harvey, Hurricane Irma, and Hurricane Maria. Provisions include:</p> <ul style="list-style-type: none"> • 10% early withdrawal penalty from retirement plans does not apply to qualified hurricane distributions. • Rollover period for qualified hurricane distributions is extended from 60 days to three years • Income from qualified hurricane distributions is included in income over a 3-year period. • Retirement plan withdrawals for home purchases can be re-contributed back into the retirement plan • Loans from qualified plans can be increased and repayment period extended. • A new employee retention credit. • Suspension of limitations on charitable contributions • Casualty loss 10% of AGI limit does not apply, \$100 per casualty limit increased to \$500, and the deduction can be added to the standard deduction if the taxpayer otherwise does not itemize • Earned income for 2017 can be based on 2016 earned income for purposes of the Child Tax Credit and the Earned Income Credit.
<p>Accounting Methods</p>	<p>Effective 2018. Use of the cash method of accounting, exemption from the Uniform Capitalization rules, and exemption from the requirement to use the percentage-of-completion method for long-term contracts generally applies if the taxpayer has average annual gross receipts of \$25 million or less. For long-term contracts, the two year completion period for the contract still applies. Taxpayers that meet the \$25 million gross receipts test are not required to account for inventories, but rather may use a method of accounting for inventories that either:</p> <ol style="list-style-type: none"> 1) Treats inventories as non-incidental materials and supplies, or 	<p>Under the general rule, the accrual method of accounting is required for purchases and sales if it is necessary to keep an inventory in order to clearly reflect income. An exception applies if average annual gross receipts are \$1 million or less. The cash method may be used even if inventories are kept. However, a deduction for inventory costs is not allowed until the inventory item is sold or paid for, whichever is later.</p> <p>The cash method of accounting may also be used by a service type business if average annual gross receipts are \$10 million or less, even if inventories are kept. Certain variable thresholds allowing the cash method apply to farming C corporations.</p>

Tax Provision	New Law	Prior Law
	<p>2) Conforms to the taxpayer's financial accounting treatment of inventories.</p>	<p>Taxpayers are also generally subject to the Uniform Capitalization rules under IRC section 263A. Exceptions to this rule include resellers with average annual gross receipts of \$10 million or less, and manufacturers if total indirect costs are \$200,000 or less.</p> <p>In the case of a long-term contract, the taxable income from the contract is determined under the percentage-of-completion method. Under this method, the taxpayer must include in gross income for the taxable year an amount equal to the product of:</p> <ol style="list-style-type: none"> 1) The gross contract price and 2) The percentage of the contract completed during the tax year. <p>Small construction contracts (contract less than 2 years performed by taxpayer with under \$10 million average gross receipts) are exempt from the percentage-of-completion rules.</p>
<p>Domestic Production Activities Deduction</p>	<p>Effective 2018. The domestic production activities deduction under IRC section 199 is no longer allowed.</p>	<p>IRC section 199 provides a deduction from taxable income (or AGI in the case of an individual) that is equal to 9% of the lesser of the taxpayer's qualified production activities income or taxable income (determined without regard to the IRC section 199 deduction) for the tax year.</p> <p>The amount of the deduction for a tax year is limited to 50% of the W-2 wages paid by the taxpayer that are properly allocable to domestic production gross receipts. Thus, for example, any business without employees does not qualify for the deduction. Complex rules are used in calculating the deduction</p>
<p>Research and Experimental Expenditures</p>	<p>Effective 2022. Research and experimental expenditures are required to be capitalized and amortized over a 5-year period. Research conducted outside the U.S. require 15-year amortization. Computer software development is defined in the Code as research or experimental expenditures.</p> <p>If the property is retired, abandoned, or disposed of with respect to which research and experimental expenditures were paid or incurred, the costs must continue to be amortized over the remaining amortization period.</p>	<p>Business expenses associated with the development or creation of an asset having a useful life extending beyond the current year are generally capitalized and depreciated over the useful life of the asset. An election is available to deduct currently the amount of research or experimentation expenditures paid in connection with a trade or business. Taxpayers can choose to forgo a current deduction, capitalize the costs, and amortize them over a period of not less than 60 months. Costs incurred in the development of computer software has been ruled to be research expenditures.</p>
<p>Sexual Harassment or Sexual Abuse Settlements</p>	<p>Effective December 23, 2017. The new law adds the following to the list of non-deductible expenses: No deduction is allowed for any settlement, payout, or attorney fees related to sexual harassment or sexual abuse if such payments are subject to a nondisclosure agreement.</p>	<p>A taxpayer generally is allowed a deduction for ordinary and necessary expenses paid or incurred in carrying on any trade or business. However, certain exceptions apply. No deduction is allowed for:</p> <ol style="list-style-type: none"> 1) Any charitable contribution or gift that would be allowable as a deduction under IRC section 170 were it not for the percentage limitations, the dollar limitations, or the requirements as to the time of payment, set forth in such section, 2) Any illegal bribe, illegal kickback, or other illegal payment, 3) Certain lobbying and political expenditures, 4) Any fine or similar penalty paid to a government for the violation of any law, 5) Two-thirds of treble damage payments under the antitrust laws, 6) Certain foreign advertising expenses, 7) Certain amounts paid or incurred by a corporation in connection with the reacquisition

Tax Provision	New Law	Prior Law
Employer Credit for Paid Family Medical Leave	<p>Effective 2018. The new law allows eligible employers to claim a general business credit equal to 12.5% of the amount of wages paid to qualifying employees during any period in which such employees are on family and medical leave if the rate of payment under the program is 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%. The maximum amount of family and medical leave that may be taken into account with respect to any employee for any tax year is 12 weeks.</p> <p>An eligible employer is one who has in place a written policy that allows all qualifying full-time employees not less than two weeks of annual paid family and medical leave, and who allows all less-than-full-time qualifying employees a commensurate amount of leave on a pro rata basis. For purposes of this requirement, leave paid for by a state or local government is not taken into account. A qualifying employee means any employee as defined in Section 3(e) of the Fair Labor Standards Act of 1938 who has been employed by the employer for one year or more, and who for the preceding year, had compensation not in excess of 60% of the compensation threshold for highly compensated employees (\$120,000 for 2018 x 60% = \$72,000). The IRS is directed to make determinations as to whether an employer or an employee satisfies the applicable requirements for an eligible employer or qualifying employee, based on information provided by the employer.</p> <p>Family and medical leave is defined as leave described under Sections 102(a)(1)(a)-(e) or 102(a)(3) of the Family and Medical Leave Act of 1993. If an employer provides paid leave as vacation leave, personal leave, or other medical or sick leave, this paid leave would not be considered to be family and medical leave.</p> <p>The credit does not apply to wages paid in tax years beginning after 2019.</p>	<p>of its stock or of the stock of any related person, or 8) Certain applicable employee remuneration.</p> <p>No provision.</p>
Executive Compensation Deduction Limitation	<p>Effective 2017. The \$1 million deduction limitation applies to the CEO and CFO, plus the top 3 executives. Corporations subject to this limit are expanded to include publically traded corporations that are no longer required to file a proxy statement and foreign corporations traded through American depository receipts (ADRs). The new law also eliminates the exception for commissions and performance-based compensation. The \$1 million deduction limitation also applies to the payment of compensation paid after the employee is no longer an employee, including payments to the beneficiary of a deceased employee and payments to an ex-spouse under a domestic relations order. A transition rule applies to written binding contracts in effect on November 2, 2017.</p>	<p>There is a \$1 million deduction limit for compensation paid to the CEO and the top 4 executives of a publically traded corporation. The limitation does not apply to commissions, performance-based, or deferred compensation.</p>
Stock Options	<p>Effective 2018. A new election allows a qualified employee to elect to defer, for income tax purposes,</p>	<p>Employees generally recognize income tax in the year in which an employer transfers stock to the</p>

Tax Provision	New Law	Prior Law
	<p>the inclusion in income of the amount of income attributable to qualified stock transferred to the employee by the employer. When the election is made, income is included in the employee's income for the tax year that includes the earliest of:</p> <ol style="list-style-type: none"> 1) The first date the qualified stock becomes transferable, including, solely for this purpose, transferable back to the employer, 2) The date the employee first becomes an excluded employee, 3) The first date on which any stock of the employer becomes readily tradable on an established securities market, 4) The date five years after the first date the employee's right to the stock becomes substantially vested, or 5) The date on which the employee revokes his or her inclusion deferral election. <p>If the election is made with respect to a statutory option, the option is not treated as a statutory option and the rules relating to statutory options and related stock do not apply. In addition, the election is not treated as a nonqualified deferred compensation plan solely because of the election or the ability to make the election.</p> <p>Other complex and numerous rules apply.</p>	<p>employee and the employee's right to the stock is transferable, or is not subject to a substantial risk of forfeiture, whichever occurs earlier (the year the stock is substantially vested). In the case of a statutory stock option, the employee does not recognize income upon the granting, vesting, or exercise of the option. Instead, if a special holding period is met, the employee recognizes long-term capital gain upon the sale of the stock. If the employee disposes of the stock prior to the end of the holding period, the employee recognizes ordinary income in the year the stock is disposed of. Various exceptions and other rules apply to statutory and non-qualified stock options and deferred compensation plans.</p>
<p>Profits Interest in an Investing Partnership</p>	<p>A new rule imposes a 3-year holding period for a partner performing investing type services in exchange for a profits interest before being able to receive long-term capital gain treatment on gains passed through the partnership. The portion of the long-term capital gains attributable to less than the 3-year holding period are treated as short-term gains subject to ordinary income tax rates. Complex rules, definitions, and exceptions apply.</p>	<p>If a taxpayer receives a capital interest in a partnership in exchange for services rendered, the taxpayer is generally taxed on the fair market value of the services rendered. If the taxpayer receives a profits interest in a partnership in exchange for services, tax generally applies at the time income, gain, credits, and deductions are passed through the partnership to the partner.</p>