

# THE NEW TAX CODE

## SYTA Summit

Colorado Springs, Colorado

February 9, 2019

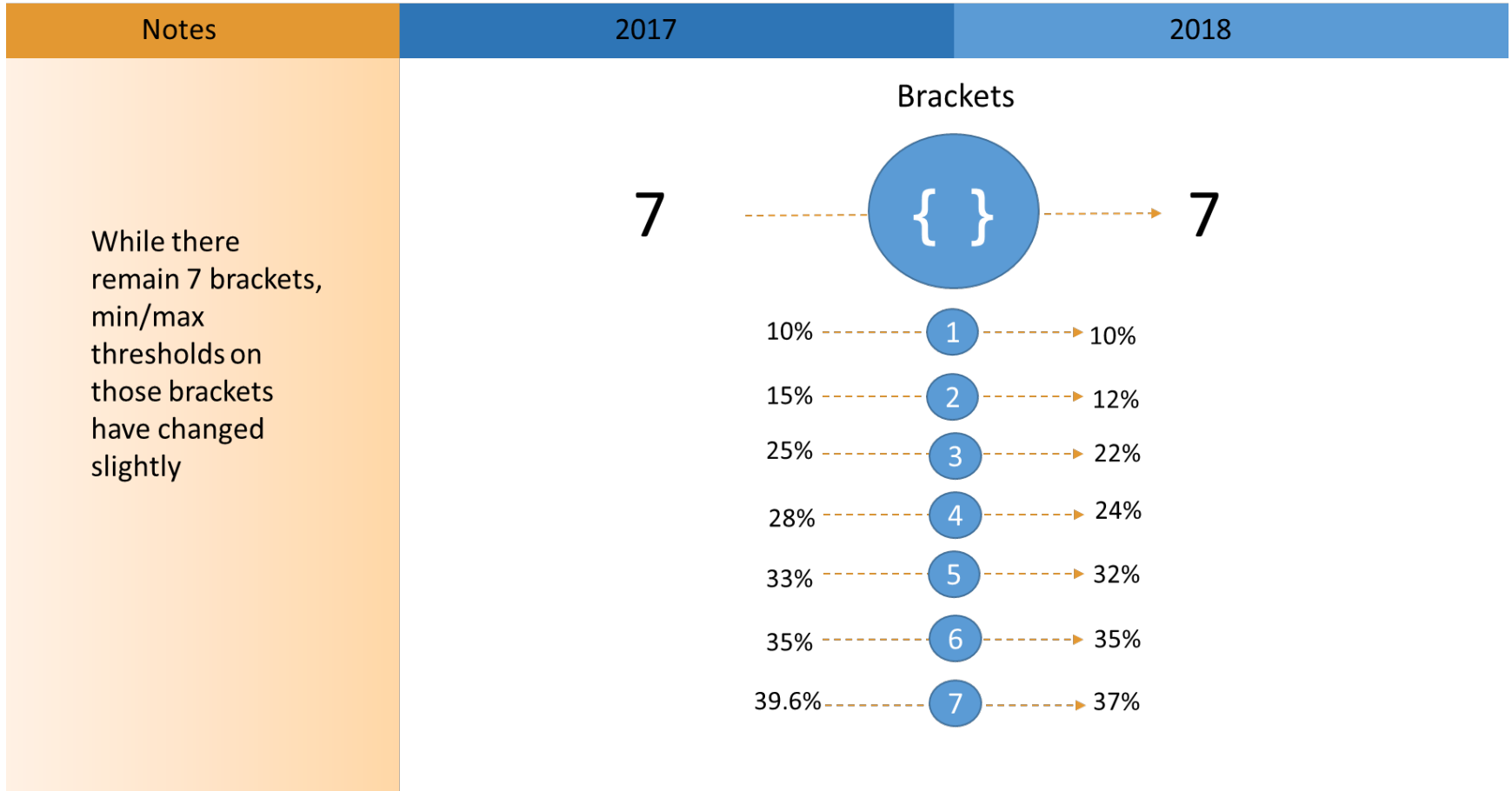
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# FIRST MAJOR CHANGE IN TAX CODE SINCE 1986







# HIGHLIGHTS : INDIVIDUAL TAXES







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Notes	2017	2018
Nearly 2x	<p>Standard Deduction- Individual</p> <p>\$6,500</p>	<p>\$12,000</p>
Nearly 2x	<p>Standard Deduction- Family</p> <p>\$13,000</p>	<p>\$24,000</p>
Now capped at \$10,000	<p>State &amp; Local Tax Deduction</p> <p>Deductible</p>	<p>\$10,000</p>
Now Eliminated	<p>Personal Exemption</p> <p>\$4,050 pp</p>	<p>\$0</p>

# HIGHLIGHTS : INDIVIDUAL TAXES

Notes	2017	2018
Increased by 100%	<p>Child Tax Credit</p> <p>\$1,000</p> 	<p>\$2,000</p>
Interest on the loan up to:	<p>Mortgage Interest Deduction</p> <p>\$1,000,000</p> 	<p>\$750,000</p>
10% Increase	<p>Charitable Contribution Deductions</p> <p>50% of income cap</p> 	<p>60% of income cap</p>
Divorce post 12/31/2018	<p>Alimony Deduction</p> <p>Deductible</p> 	<p>Not Deductible</p>

# HIGHLIGHTS : INDIVIDUAL TAXES

Notes	2017	2018
Exclude up to this amount of capital gain:	<p>Home Seller Tax Deduction- Single</p> <p>\$250,000</p> 	<p>\$250,000</p>
Exclude up to this amount of capital gain:	<p>Home Seller Tax Deduction- Married Couple</p> <p>\$500,000</p> 	<p>\$500,000</p>
Now taxed at Kiddie tax rate	<p>Kiddie Tax Modification</p> <p>Parent's rate (if higher)</p> 	<p>Child's rate</p>
Now can be used towards private school tuition K-12	<p>Expanded use of 529 Plans</p> <p>529 Plans (College)</p> 	<p>\$10,000</p>



# HIGHLIGHTS: CORPORATIONS & PASS THROUGHS

- ✓ Corporate Tax Rate Reduced to a Flat 21%
- ✓ C Corp Versus Flow Through (S Corp) – what's better?
- ✓ Increased Code 179 Expensing – Now is the time to buy
- ✓ Temporary 100% Cost Recovery of Qualifying Business Assets
- ✓ Luxury Automobile Depreciation Limits Increased
- ✓ Domestic Production Activities Deduction Repealed
- ✓ Employer Deduction for Fringe Benefits Expenses Limited
- ✓ **New Deduction for Pass Through Income: S Corps, LLC & Schedule C – Section 199a**

# SECTION 199a – FINAL REGULATIONS

## What is the Section 199a Deduction?

**Section 199A deduction also known as the Qualified Business Income deduction, arises from the Tax Cuts & Jobs Act of 2017. This is a significant tax break for some business owners.**

**The regulations detailing the new 20 percent deduction for pass-through business owners are of critical importance to the operators of tour companies and business owners in general, who range from corner travel agency owners to private equity investors in the tourism industry.**



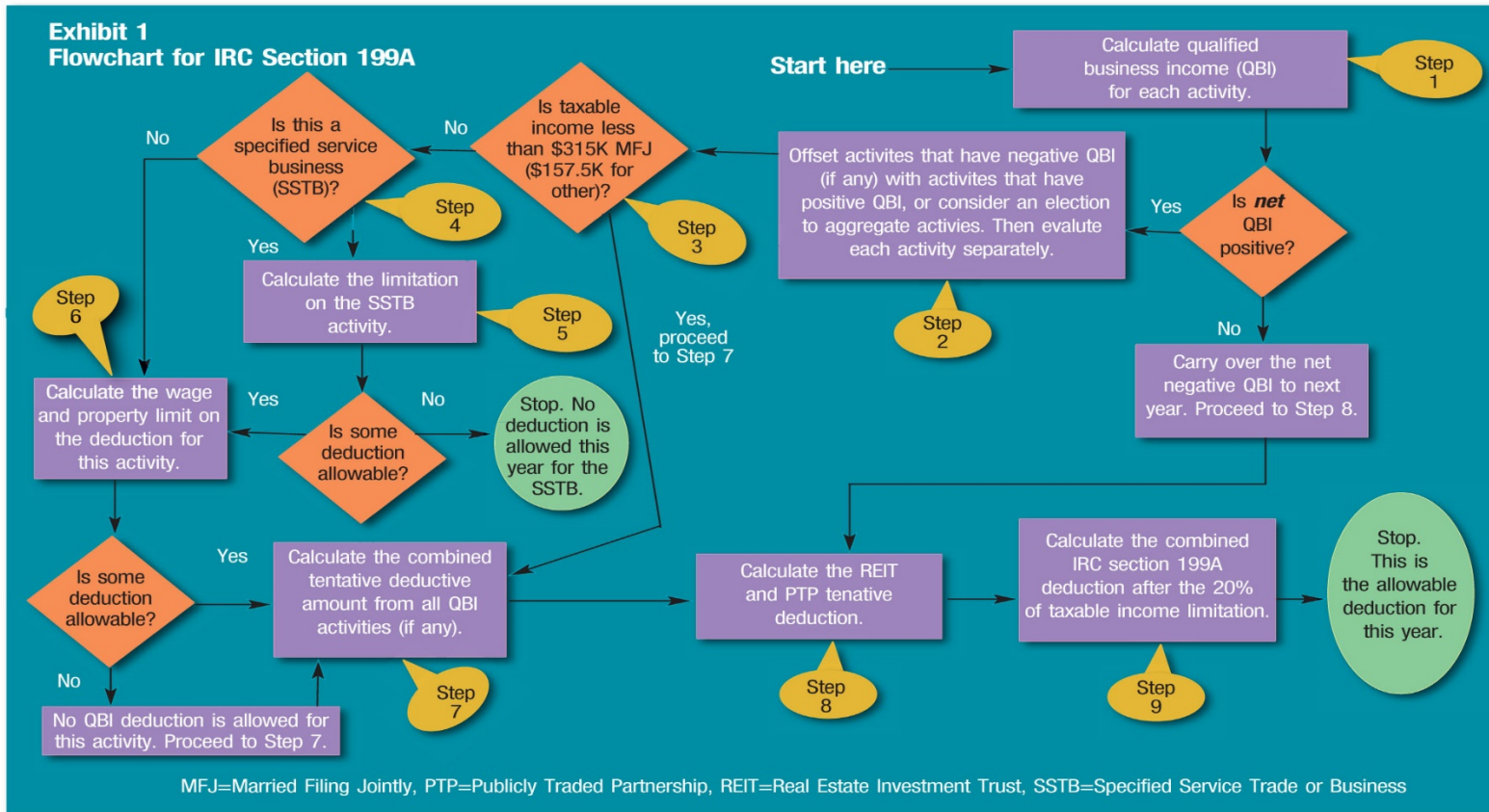
# SECTION 199a – WHO QUALIFIES

All taxpayers who earn less than \$157,500, or \$315,000 for a married couple, can deduct 20 percent of the income they receive via pass-through businesses from their overall taxable income. **But's it's not that easy....**

If taxpayers earn above those amounts and aren't service professionals — such as lawyers or accountants; they must meet certain tests to take the full deduction — the size of their deduction depends on how much they pay in employee wages or how much they've invested in capital like real estate.

# HOW DO I KNOW IF I QUALIFY?

## YIKES!



# QUALIFICATION SIMPLIFIED

We have determined that the tourism industry qualifies for Section 199a.



# LET'S HEAD TO THE WHITEBOARD

## Go-Go Student Tours

Revenue	\$ 5,000,000
Costs	<u>( 3,500,000 )</u>
Gross Profit	1,500,000
Salaries/Wages	(350,000)
Other	<u>(150,000)</u>
Profit	1,000,000
Potential 199a Deduction	200,000 (20% of Profit)
½ of Salaries/Wages Paid	<u>(175,000)</u>
<b>199a deduction</b>	<b>\$175,000</b>

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# QUESTIONS?



NOW ACCEPTING

PERSONAL QUESTIONS

RANDOM QUESTIONS

ODD QUESTIONS

CREEPY QUESTIONS

ANY KIND OF ASK :)

# PRESENTER CONTACT INFORMATION

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# Recording

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