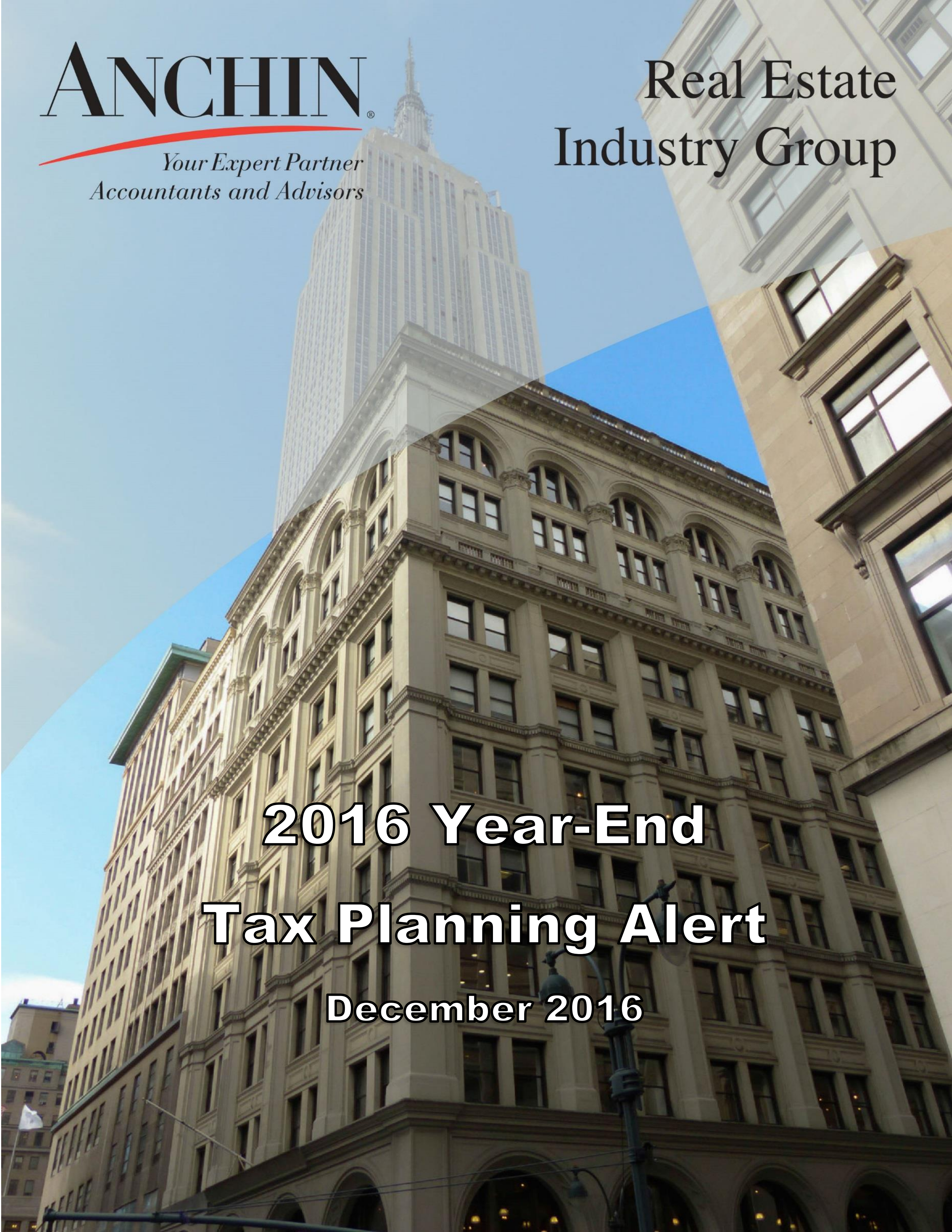

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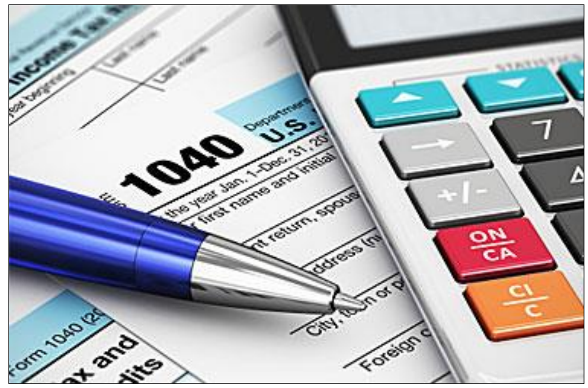
2016 Year-End Tax Planning Alert

December 2016



Along with the results of the 2016 presidential election comes a dramatic shift in the political priorities of those in power and a strong likelihood that drastic tax reform lies ahead in 2017. While many of the details are still unknown and may not be fully actualized and actionable until well into the next year, getting a head start on planning and understanding the impact of various potential scenarios as early as possible is essential. There are measures that must be taken prior to December 31, 2016 and real opportunities for tax savings, but you must be informed, flexible and prepared to act.

As year-end approaches, you should consider the following opportunities as you review your tax picture. However, be wary of quick answers and simple advice. Before taking action with any of these suggested planning ideas and opportunities, taxpayers should thoroughly analyze the proposed transaction(s) and alternative outcomes.

Traditional Year-End Strategies

Although tax planning is a 12-month activity, year-end is traditionally the time to review tax strategies from the past and revise them for the future. At year-end 2016, and looking ahead to 2017, individuals and businesses need to be ready for tax legislation to prepare for any new requirements and responsibilities and to incorporate traditional, as well as innovative, strategies into their year-end planning.

If your business uses the cash method of accounting, you may be able to defer income by delaying invoices until late in the year or accelerate deductions by paying certain expenses in advance. If your business uses the accrual method of accounting, you may be able to defer the tax on certain advance payments you receive this year. You may also be able to deduct year-end bonuses accrued in 2016 even if they aren’t paid until 2017 (provided they’re paid within 2 ½ months after the end of the tax year and meet the other three conditions outlined in Internal Revenue Code Section 461).

The following traditional income and deduction acceleration techniques and their reciprocal deferral strategies should be considered:

<u>Income Deferral/Acceleration:</u>

- Defer/Receive bonuses before January
- Hold/Sell appreciated assets
- Accelerate income to use available carryforward losses
- Postpone/Complete Roth conversions
- Minimize/Maximize retirement distributions
- Delay/Accelerate billable services

<u>Deductions and Credits Acceleration/Deferral</u>

- Bunch itemized deductions into 2016 and take standard deduction in 2017 or reverse steps
- Pay bills in 2016 / postpone payments until 2017
- Pay last state estimated tax installment in 2016 / delay payment until 2017
- Watch AGI limitations on deductions/credits
- Watch net investment interest restrictions
- Match passive activity income and losses

Deferring income and accelerating deductions isn’t the best strategy in all circumstances. If you expect your marginal tax rate to be higher next year, you may be better off accelerating income into 2016 and deferring deductions into 2017. This strategy will increase your 2016 tax bill, but it can reduce your overall tax liability for the two-year period and with interest rates at historical lows, the opportunity cost may be minimized.

IRS Repair Regulations

<u>Repair Regulations</u>

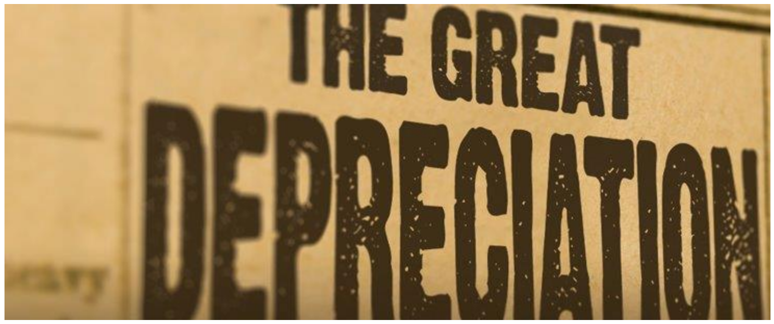
Repair Regulations

On September 13, 2013, the IRS issued the final repair regulations to provide guidance for taxpayers in determining whether an amount paid is repair or capital improvement. The regulations are effective *for taxable years beginning on or after January 1, 2014. While the final regulations retain many provisions of the 2011 temporary regulations, other areas have been modified and a few taxpayer friendly elections are introduced. The following are strategies to take advantage of some of these taxpayer friendly elections before December 31:*

De Minimis – Taxpayers may want to consider using the *de minimis* safe harbor as an alternative means of writing off business assets. To qualify for the election, the cost of the asset can't exceed $5,000 if the taxpayer has an audited financial statement. If there is no audited financial statement, the cost of an asset cannot exceed $2,500.

Routine Maintenance – The routine maintenance safe harbor in the repair regulations could be quite useful when it comes to generating additional deductions at year end. If carefully planned, accrual basis taxpayers that are negotiating contracts for regular services that extend into 2017 may deduct full payments made in 2016 even for services to be performed in 2017. Examples of services include janitorial and landscape maintenance services. To illustrate, let's say a calendar year taxpayer enters into a one year service contract with X. Under the contract, X will provide landscape maintenance services to the taxpayer from September 1, 2016 through August 31, 2017 on a monthly basis. The contract requires the taxpayer to prepay for the twelve months of services. On August 31, 2016, the taxpayer makes a $48,000 payment to X for services to be provided from September 1, 2016 through August 31, 2017. Under the routine maintenance safe harbor, taxpayer is allowed to deduct the full payment in 2016.

Partial Asset Disposition - Under the repair regulations, taxpayers may elect to recognize a loss on the disposition of a structural component of a building. This is a welcome change, which was unavailable under prior law. For taxpayers who had done substantial work in their buildings, potential write-offs are available for the disposition of assets abandoned and replaced during renovation. For example, let's say a taxpayer replaced the entire roof. Under the partial asset disposition election, that taxpayer can write off the old roof in the year of disposition.

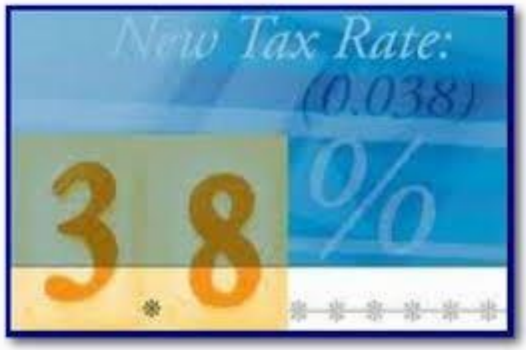


Enhanced Depreciation Opportunities

Year-end tax planning for businesses often focuses on acquiring equipment or other qualifying assets to take advantage of enhanced depreciation tax breaks. The following breaks were extended for the 2016 tax year and going forward:

- **Enhanced expensing election.** Section 179 has been permanently extended and adjusted annually for inflation. For tax years ending December 31, 2016, Section 179 permits businesses to immediately deduct, rather than depreciate, up to $500,000 in qualified new or used assets, as well as off-the shelf software. The deduction is phased out, on a dollar-for-dollar basis, to the extent that qualified asset purchases for the year exceeded $2.010 million. For tax years ending 2017, you can immediately deduct $510,000 with a phase out of $2.030 million.
- **Bonus depreciation.** Bonus depreciation has been extended through December 31, 2019; however, there is a phase out. For tax years ending December 31, 2016 and 2017, the provision allows businesses to claim an additional first-year depreciation deduction equal to 50% of qualified asset costs. For the tax year ending December 31, 2018, the provision starts to phase out and businesses are allowed a first year deduction of 40%. Finally, for the tax year ending December 31, 2019, businesses are entitled to a first year depreciation deduction of 30%. For tax years December 31, 2020 and thereafter, there will no longer be any first year additional tax deductions. Bonus depreciation is available for new (not used) tangible assets with a recovery period of 20 years or less, as well as for off-the-shelf software.
- **Accelerated depreciation.** The break allowing a recovery period of 15 years on qualified leasehold improvements, restaurant and retail improvement property instead of 39 years was made permanent starting in tax years December 31, 2016 and thereafter.

Recall that to take advantage of depreciation tax breaks on your 2016 tax return, you'll need to place assets in service by the end of the year. Paying for them this year isn't enough.



Strategies for Mitigating the Net Investment Income Tax ("NIIT")

FILING STATUS	THRESHOLD
Married filing jointly	$250,000
Married filing separately	$125,000
Single	$200,000
Head of household (with qualifying person)	$250,000
Qualifying widow(er) with dependent child	$250,000
Estates & trusts	$ 12,400

Recall that the NIIT went into effect starting January 1, 2013. The 3.8% NIIT applies to the lesser of 1) net investment income or 2) the excess of the taxpayer's Modified Adjusted Gross Income ("MAGI") over the threshold (see above). It must be paid in addition to a taxpayer's regular income tax liability, or if applicable, alternative minimum tax liability. Essentially, if your MAGI is below the applicable threshold, you are not subject to NIIT. Most taxpayer's MAGI will be the same as the adjusted gross income ("AGI"), but those with foreign earned income must make modifications to their AGI to determine their MAGI.

In addition to the NIIT, the highest federal marginal tax bracket for 2016 is 39.6% for individuals with the taxable income over $415,051 ($469,951 if Married, Filing Jointly). The NIIT, however, comes with its own set of rules and thresholds where careful planning and analysis may be necessary in order to consider whether you will exceed the various AGI thresholds. AGI includes taxable income, wages, bonuses, taxable interest dividends, capital gains, retirement distributions, annuities, rents and royalties, etc. Note that some of these items (i.e. retirement distributions, capital gains, etc.) may be available for deferral to future years or acceleration into the current year in order to help manage AGI that a taxpayer realizes in any given year.

While suggestions highlighted below (and throughout this alert) are not meant to be an all-inclusive and exhaustive list, they do represent an important start to your year-end planning discussions and should be considered in order to begin to manage an increasing tax exposure. Throughout this alert there will be techniques discussed that could assist you with these suggestions. Here we offer a few **planning suggestions** for reducing (or managing) your exposure to the NIIT:

Real Estate Professional – Taxpayers holding real estate subject to the NIIT should consider treating themselves as a real estate professional. Rental income is considered passive income and subject to the NIIT. However, certain rents derived by a real estate professional in a rental trade or business in which he or she materially participates is considered non-passive and would not be subject to the NIIT. In other words, both elements, trade or business activity and material participation, must be present to avoid the NIIT.

Trade or Business - However, not all rental activities constitute a trade or business. In the final regulations, the IRS provides a safe harbor test. If a real estate professional participates in rental real estate activities for more than 500 hours per year, such rental income will be deemed to be derived in the ordinary course of a trade or business. Alternatively, if the taxpayer has participated in rental real estate activities for more than 500 hours per year in five of the preceding ten taxable years, then the rental income will be deemed to be derived in the ordinary course of a trade or business.

Material Participation - A real estate professional holding multiple real estates would find it difficult to meet the 500 hours in each of his or her rental activity. However, by grouping them together as a single activity, the 500 hours requirement is easier to achieve.

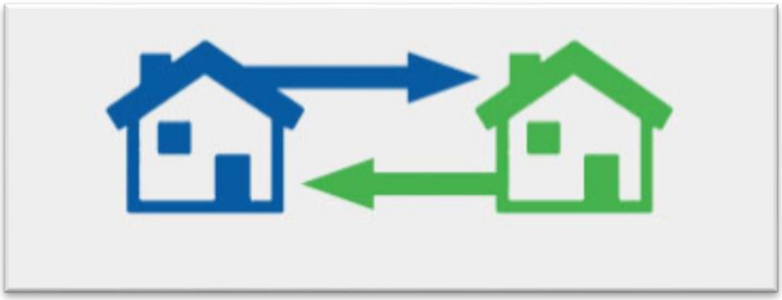
Trust – The Aragona Trust ruling provides that a trust is capable of performing "personal services" for purposes of the material participation rules. Based on this ruling, a trustee-employee who is substantially involved in the trust's real estate business activities could allow the trust to escape the NIIT because the net income that is otherwise subject to the NIIT is treated as non-passive. Therefore, trusts subject to the NIIT in 2016 should consult with their tax advisors regarding the real estate professional status before year end.

Grouping Election – For some taxpayers, material participation could be difficult to achieve. As an alternative, taxpayers may want to consider using the grouping election. Taxpayers who own rental property that is rented to a trade or business in which the taxpayer materially participates could make a grouping election to combine the two activities together, if not already grouped. By grouping, the rental activity is also deemed to be a material participation business activity and exempt from the NIIT.

Below are some additional general suggestions:

1. **Shift income into the most advantageous tax year.** Consider this if you envision having greater or lesser income in one year versus the following year.
2. **Accelerate or defer capital gains.** The tax rate for long term capital gains for those in the highest tax bracket is now 20% plus the new NIIT of 3.8%. Accelerating capital gains into 2016 should be a consideration if the NIIT threshold will not be reached this year. However, if lower AGI is expected in 2017, it may make sense to defer the recognitions on capital gains to 2017.
3. **Harvest capital losses.** For tax payers in the highest tax bracket, federal taxes on (long-term) capital gains will be approximately 24%. All the more reason to mine your portfolio for any unrealized losses that should be prudently utilized before year-end.
4. Take another look at tax-exempt bonds. Interest on state and local municipal bonds is tax-exempt for federal income tax, including the 3.8% Medicare surtax.

5. Accelerate or postpone deductions. With the new higher marginal tax brackets and the NIIT that took effect as of January 1, 2013, the timing of deductions may have a material impact on your overall tax liability. Planning opportunity: Certain expenses, such as state and local income taxes, can be taken as deductions to reduce your NIIT but are not deductible to taxpayers who are subject to the alternative minimum tax (“AMT”). Therefore, if you’re in the AMT for 2016, before deciding to defer any state and local tax payments to next year, an analysis of how it will affect your NII tax in 2016 should be performed: there may be an opportunity to prepay state and local taxes in 2016 which will benefit you for NII tax purposes.



Income Deferral

In general, the IRS requires taxpayers to recognize gain or loss upon the sale or exchange of property. However, there are two options that are available to defer recognizing gain – “like-kind exchanges” and “installment sales”.

A like-kind exchange allows taxpayers to enter into a non-taxable exchange upon the disposition of property used in either a trade or business or held for investment to defer recognition of gain or loss until the replacement property is sold. The nontaxable exchange can include business for business, business for investment, investment for business, or investment for investment property, but there are additional rules for other types of property. Taxpayers must identify the replacement property before the end of the identification period (45 days) and must receive the replacement property before the end of the exchange period (180 days).

Under the installment sale method, taxpayers can defer taxes on gains over a period of time instead of paying all taxes in the year of disposition. Unlike the like-kind exchange option, losses under this method cannot be deferred. The tax rate applied to the gains is determined by the date the payment is received, not by the date of sale. In addition, depreciation claimed on the property must be recaptured and reported during the year of sale. The installment sales method cannot be used for the sale of inventory, stock, securities, or dealer sales. Taxpayers must include the appropriate form with by the due date (including extensions) of the tax return for the taxable year the sale takes place to elect to use the installment sales method. Once the election is made, it can only be revoked with IRS approval.

Estate Planning & Gift Considerations

Under current law, the individual estate tax exemption is increased each year based on an inflation assumption. In 2016, the first $5.45 million of an individual's estate is exempt from federal estate tax. If you are a married couple splitting gifts, the effective exemption amount is $10.90 million. This amount is reduced by any gifts made in excess of the annual gift tax exclusion in a given year. In 2016, individuals can make gifts of up to $14,000 to any other individual with no gift tax consequences. Any gifts in excess of that amount will reduce the lifetime gift and estate tax exemption. A few estate tax planning techniques you may want to consider are as follows:

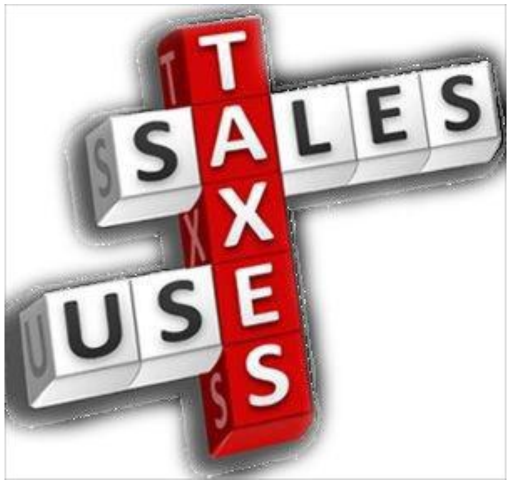
- Make annual exclusion gifts by December 31, 2016. Each person may make annual, tax-free gifts of $14,000 ($28,000 for a married couple splitting gifts) to any number of individuals. Gifting on a tax-free basis is a great option for reducing (or even eliminating) larger gift and estate taxes in the future. Taxpayers living in states with no current state gift tax may wish to accelerate or focus on additional gifting of assets in 2016. Of course, your financial security and long-term objectives should be assessed and discussed before proceeding with such a gifting strategy.
- **Grantor Retained Annuity Trusts (GRATs).** This provides you with a fixed annual amount (an "annuity") from the trust for a term of years (as short as two years under current law). The annuity retained may be equal to 100% of the amount that you use to fund the GRAT, plus the IRS-sanctioned rate of return (known as the 7520 rate) applicable to GRATs. After the trust term ends, the amount of assets (if any) left in the trust after the annuity payments have been made remain in the trust, free of gift or estate taxes. Because your beneficiaries will retain the full value of the GRAT assets at the end of the trust's term, if you survive the annuity term, the value of the GRAT assets in excess of your retained annuity amount will then pass to the beneficiaries with no gift or estate tax, either outright or in further trust. If the grantor dies during the term of the GRAT, the entire balance will be included in the grantor's estate as if the (GRAT) transaction never took place. In addition, if the value of the GRAT assets fall below the amount required for the requisite annuity payments, the GRAT collapses as if the (GRAT) transaction never took place.
- **Planning opportunity:** Note that the amount of principal not received as part of an annuity payment will be subject to a current gift tax. Since the amount is not considered a present interest (meaning beneficiaries do not have immediate use of the money), the amount will not be eligible for the gifting exclusion. Why not use a "zeroed-out GRAT" structured so that the value of the gift transferred to the beneficiary is zero?
- **Planning Opportunity:** Instead of setting up one GRAT to house all transferred assets, why not set up multiple GRATs to house different asset types – some conservatively invested and others with more risk? The winners, or appreciated GRATs, do their job of transferring wealth to the next generation; the losers collapse, as if the GRAT for these assets never took place. In the end, all GRATs should have an economic purpose and have some risk exposure. Also, varying the beneficiaries and trust start dates may be advisable.

- ****Caution: In August 2016, the IRS issued proposed regulations intended to eliminate perceived abuses in the valuation of gifts between family members. Currently, taxpayers often reduce the value of interests transferred to family members by taking valuation discounts based on various restrictions associated with these assets. The IRS is seeking to eliminate taxpayers' ability to adjust values in this manner. However, the proposal as drafted has been interpreted as being excessively broad in scope. The regulations are not final, and it is not clear if or when they will be become final. Your estate and gift planning should be flexible enough to adapt to any required changes if the rules are put into effect.*
- Consider **funding education through 529 plans** by December 31, 2016 to apply 2016 annual gift tax exclusion treatment to the contributions. You can now still "front load" 529 plans by making five years' worth of annual exclusion gifts to a 529 plan. In 2015, you can transfer $70,000 ($140,000 for a married couple splitting gifts) to a 529 plan without generating gift tax or using any of your gift tax exemption. The money (and the growth of the 529 account) leaves your estate faster than if you made the contributions each year.
- **Low-Interest Loans or Intra-Family Loans**: Today, family members can extend long-term loans to each other at interest rates less than 2.6%-- and rates on loans for shorter periods can be even lower. It is a simple and effective estate planning mechanism for transferring wealth to children or grandchildren without gift tax. Note that when you make a loan to a family member, you must charge interest in order to avoid making a gift. Therefore, to the extent that the family member earns a higher rate of return on the borrowed funds than the very low interest rate being paid, the excess or difference is effectively transferred free of gift taxes.
- **Make qualified charitable distributions from your IRA**. This provision, which was established under the 2006 Pension Protection Act, extended the ability for individuals over 70 1/2 to avoid taxation on IRA distributions by using the funds to make contributions **directly** to a qualified charity.

Note that private foundations and donor advised funds are not included in the definition of eligible charity; however most public charities are considered qualified. Such distributions, up to an annual maximum of $100,000 per IRA owner, are excludible from gross income and would also qualify as the required minimum distribution (RMD) for the year. This was a convenient way to satisfy IRA distribution requirements, support charitable causes and receive a tax break all at the same time. Note that because the transfer was tax free (from the IRA to the qualified charity in satisfaction of your RMD for the year), you could not also take the charitable deductions on your tax return as an itemized deduction.

Life Insurance

As part of the estate planning process, thought should be given to liquidity. That is, what will be the source of funds for the payment of estate tax? For those with significant holdings of illiquid assets, such as real estate and art, these assets will be subject to estate tax but may not be easily sold. More importantly, it may not be opportune or desirable to dispose of these assets, and even if there were a decision to sell, the ability to have proceeds available to pay the tax within nine months of death, when it is due, could be problematic. Life insurance may provide a solution. There are planning opportunities with insurance and creative structures available to fund policies that are efficient without placing high demands on current cash flow.



Beware of Sales & Use Tax

More and more building owners and management companies are being audited by the states for Sales and Use tax. These audits are resulting in firms being assessed thousands of dollars in Use taxes, interest, and, in some instances, penalties.

The reason these assessments are so high is twofold. First, because most real estate and management companies do not file Sales/Use tax returns, there is no statute of limitations. For non-filer's, most states will audit the past six years. For routine filers, the statute is usually three years. Tax exams can be quite tedious and time consuming, and invoices for an exam will be needed for the past six years. If you do not have all of your invoices for the past six years and cannot provide proof that you paid the Sales/Use tax, then the state has the right to assess the tax, even if you did pay it.

The second reason for the large dollar assessments for building owners is the state cracking down on what qualifies as a capital improvement. Merely issuing a certificate will not make the whole job tax exempt. In every capital improvement job there are always taxable elements. Examples are carpeting, signage, window treatments, among others. When the state audits the contractors, they review the contracts and make list of building owners who have had major renovations done, and refer the company for audit.

The popularity of buying goods on the internet from out-of-state vendors is also a troubled area. While this type of purchasing, as well as catalog purchases are likely to save money, it could also open up a Sales/Use tax liability. When purchasing goods it is important to keep in mind the actual physical state location of your vendors. If the vendor does not have nexus in your home state, then they are not required to collect or remit the Sales tax. However, it is still your responsibility to remit the Use tax to your home state.

Charitable Contributions – What about Securities?

Beside cash gifts (cash gifts to public charities cannot exceed 50% of your adjusted gross income (AGI), while cash donations to non-operating private foundations is limited to 30%), contributions of securities is a viable option. If you are contemplating making charitable contributions before year end, the most tax-efficient way to do this is to give appreciated publicly traded stock that has been held for more than a year. Doing so, donors receive a charitable contribution deduction equal to the fair market value of the securities contributed and escape paying capital gains tax (and the new 3.8% surtax on net investment income) on their built-in appreciation. Also, the donation of appreciated, publicly traded securities does not require you to get a qualified appraisal to establish the value of your deduction. Note that this is a much better result than selling the stock, paying a capital gains tax, and then deciding to use the proceeds to make a cash contribution to charity.

****Caution & Reminder: Do not donate depreciated securities to charity. If this is the case, sell the securities first and then donate the proceeds to charity so that you can take the capital loss on the sale and get a charitable deduction for the donated cash.*

****Caution & Reminder: If you are planning on donating a non-publicly traded stock to a charity, you are required to get a qualified appraisal to establish its value. Otherwise, you will only be entitled to a charitable deduction equal to your stock basis in the stock.*

****Caution & Reminder: The value of a donation of publicly traded securities held for a year or less is limited to the donor's cost basis.*

**Note: Donations can be made to public charities, private foundations, and donor advised funds. Note that transferring assets to a donor advised fund can allow you to receive an immediate charitable income tax deduction (at the maximum amount allowed for gifts to public charities) while affording you time to decide on the ultimate charitable beneficiaries. If you are interested in employing this tax saving technique, our firm has established a donor advised fund as a simple accommodation to our clients and friends.*

CREDITS

Research & Development

The Research & Development tax credit is available to all Architecture, Engineering and Construction industry businesses that uncover new, improved, or technologically advanced products, processes, principles, methodologies, or materials. Additionally, Real Estate management companies that utilize subcontractors for technical activities may also qualify for the credit, depending on an analysis of the terms of the contracts.

There are many activities that potentially qualify, whether performed in-house or by a subcontractor. If you are designing, developing or implementing new or upgraded electrical, mechanical or HVAC systems or equipment for better performance or energy efficiency, this could qualify. When designing master plans, building facades, or schematic drawings integration of system components, you should consider how much R&D is involved.

A very popular qualification is building design for LEED (Leadership in Energy & Environmental Design) certifications. Any construction equipment design, development or improvement could qualify as well. If your real estate firm has someone in-house in charge of design coordination and value engineering in plan-spec and design-assist projects, this could yield credits as well. Other potential opportunities include: system testing for site requirements Including acoustics, air quality/balance, and false loading; foundation design or analysis for unique site conditions; testing and analysis of new or improved building construction materials; and CADD (Computer Aided Design and Drafting) and BIM (Building Information Management) modeling.

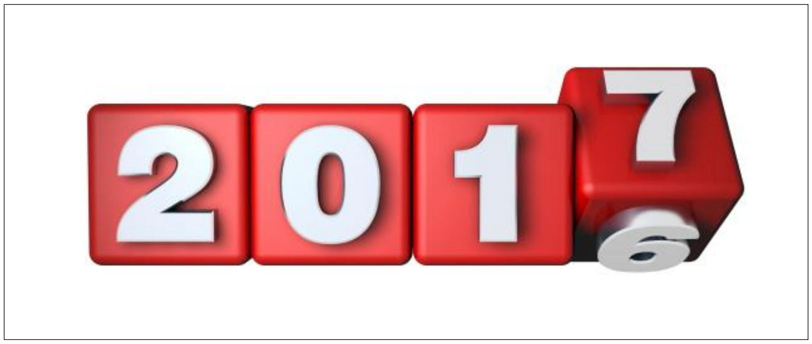
Remember - direct performance, support, or supervision of these activities can potentially qualify. If your company or your subcontractors perform any of these activities, then there is a strong chance that your company could benefit from an R&D tax credit study.

NYS Special Additional Mortgage Recording Tax Credit

As the real estate industry experiences a high number of transactions and deals, there are opportunities to secure beneficial tax credits for the NYS Special Additional Mortgage Recording Tax. If you have a new mortgage or refinanced an existing mortgage on commercial real estate and certain residential real estate in New York, you most likely paid a mortgage recording tax. One of the components of this tax is the "special additional mortgage recording tax," which is normally 25¢ per $100 of mortgage debt or obligation secured. This credit in many cases would pass through to the owners on their individual tax return. This could lead to an immediate return on your investment.

If the amount of the special additional mortgage recording tax credit exceeds your tax for the current tax year, any amount of credit exceeding the tax may be carried forward to the following year or years, or you can elect to treat the unused amount of credit as an overpayment of tax to be credited or refunded. Please note, you cannot receive a refund of any credit carried over from a prior year.

If you have already filed your tax return for a year that you are entitled to this credit, you can amend your tax return if the year is still open under the statute of limitations.



2016 returns due in 2017

The due dates for partnership and corporate tax returns were changed, and for those important foreign account FBAR forms, also known as FinCEN Form 114.

- Partnership tax returns are due March 15, NOT April 15 as in the past. If your partnership isn't on a calendar year, the return is due on the 15^{th} day of the third month following the close of your tax year.
- C corporation tax returns are due April 15, NOT March 15. For non-calendar years, it is due on the 15^{th} day of the fourth month following the close of the tax year.
- S corporation tax returns remain unchanged—they are still due March 15, or the third month following the close of the taxable year.
- Trust returns original due dates remain unchanged, however extended trust returns will be due on September 30^{th}, not September 15^{th}.
- The due date for FBARs go from June 30 to April 15. And now you can even get a six-month extension, just like tax returns. If you had foreign accounts that in the aggregate topped $10,000 at any time during the year, you must file.

A major part of tax planning is not only to look forward to planning for the upcoming tax year, but also the next few years. Now that Election Day has passed and the presidency has changed, there will likely be many changes made that will affect your tax planning for tax years starting as soon as December 31, 2017. We will keep you updated on these changes as they become law. Some of the positions that were initially proposed were:

Individuals:

1) Changing individual tax brackets to just three brackets 12%, 25%, and 33%
2) No change to the capital gain rates
3) Repealing the 3.8% Net Investment Income
4) Capping itemized deductions to $100K for single filers and $200K for married filing joint returns

Businesses:

1) Lower top rate from 35% to15% for corporations and passthrough income reinvested into business
2) Enhanced expensing for manufacturers
3) Limit deductions in return for lower rates

These were just some of the positions, but we will have to wait and see what actually happens.

The items and planning opportunities discussed in this guide are general in nature and may not apply the same to each taxpayer's situation. If you would like to discuss any of these techniques or planning ideas, please contact your engagement partner or any partner of ***Anchin's Real Estate Group*** at your earliest convenience. We stand ready as ***Your Expert Partner*** to help you plan effectively and to navigate through the various tax rules that may apply to you, your family and your fund.

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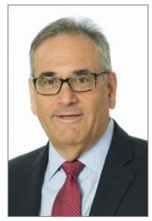

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