

# Tax Bill Impacts A/E/C Industries

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Today, President Trump has signed into law the “Tax Cuts and Jobs Act of 2017” (TCJA). It’s the most sweeping tax legislation since the Tax Reform Act of 1986. The bill contains many provisions that will significantly impact the construction, architecture, and engineering industries.

Here are a few relevant highlights:

- Increase from the \$10 million average gross receipts exception to the requirement to use the percentage-of-completion accounting method for long-term contracts to \$25 million for contracts entered into beginning in Businesses that meet such exception would be permitted to use the completed-contract method (or any other permissible exempt contract method).
- Elimination of the 9% Section 199 production deduction on qualified income related to construction and substantial real property renovation projects located in the U.S.
- A new 20% deduction from income of certain types of “pass through” A modification in the final reconciled bill removed a provision that would have precluded members of architecture and engineering firms from the benefits of this deduction.
- Tax rate for “C” corporations is 21%, effective in 2018.

- The Research and Development tax credit is explicitly preserved in the legislation.

There are many more law changes that could impact the construction, architecture, and engineering industries. We will monitor how these changes evolve over the coming months and keep you apprised of potential impacts. For more information, feel free to contact your Anchin Relationship Partner.