

Anchin Alert

Anchin, Block & Anchin LLP
Accountants and Advisors

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Tax Bill Impacts Service Firms

On December 22, President Trump signed into law the “Tax Cuts and Jobs Act of 2017” (TCJA). The bill contains many provisions effective in 2018 that will significantly impact professional and non-professional service firms.

Here are a few relevant highlights:

- Reduces the tax rate on all C Corporations from 35% to 21%.
- Creates a new 20% deduction from taxable income of certain types of “pass through” income. Any taxpayer below the taxable income thresholds will be eligible for the deduction. Those taxpayers above the thresholds will be subject to various limitations. Certain enumerated services, e.g. accountants, brokers, consultants, doctors and lawyers will not be eligible for the deduction at all if above the thresholds.
- Increases the section 179 depreciation deduction/phase out amounts to \$1,000,000/\$2,500,000, respectively.
- Provides for 100% expensing (bonus depreciation) of property both acquired and placed in service after 9/27/17 for both new as well as used property.
- Eliminates most of the deductions for entertainment expenses.
- Caps the deduction of individual state & local income and/or real estate taxes to \$10,000.

There are many more law changes that could impact the service 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.

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