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We plan to post updated versions of this QRC with more coverage of the TCJA provisions at the same location in the Tax Research Center. Check back for updates.

#	What is the new law?	Which taxpayers and tax forms are affected?	When is the law effective?	What actions should be taken?	TCJA / IRC / IRS guidance
General Tax Provisions for Individuals					
1	Standard deduction increased <ul style="list-style-type: none"> The standard deductions amounts are increased to: <ul style="list-style-type: none"> \$24,000 MFJ and QW \$18,000 HH \$12,000 single \$12,000 MFS The law retains the same 5 filing statuses as before The law also retains the additional standard deduction for the elderly and the blind Amounts will be adjusted for inflation 	All taxpayers Form 1040 series	2018 – 2025 Modifications are repealed beginning in 2026	<ul style="list-style-type: none"> If the taxpayer will claim the standard deduction going forward, accelerate deductions into TY 17 if still possible (for example, make planned discretionary charitable donations in TY 17) Compare standard to itemized deduction and adjust withholding / estimated payments as necessary Consider bunching discretionary itemized deductions in future years (for example, bunch charitable donations) 	TCJA Sec. 11021 IRC §63
2	Personal and dependent exemptions eliminated <ul style="list-style-type: none"> Taxpayers can no longer claim exemptions 	All taxpayers Form 1040 series Form W-4	Exemptions suspended 2018 – 2025	<ul style="list-style-type: none"> Check withholding and submit updated W-4 and /or W-4P with employers and retirement plans as necessary Adjust estimated tax payments if 	TCJA Sec. 11041 IRC §151



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	<ul style="list-style-type: none"> Rules for qualifying child (QC) and qualifying relative (QR) remain because eligibility for some tax benefits still requires a taxpayer to have dependents 		Exemptions may be claimed in 2026	necessary <ul style="list-style-type: none"> IRS may allow employers to use the same W-4 information in 2018 	
3	Filing thresholds modified <ul style="list-style-type: none"> The filing threshold for most taxpayers will be the standard deduction The filing threshold is not increased by the amount of the additional standard deduction for taxpayers age 65 or older If single or HH, the taxpayer is required to file if gross income exceeds the standard deduction Married taxpayers must file if that individual's gross income, when combined with the spouse's gross income, is more than the standard deduction for a joint return, if: <ul style="list-style-type: none"> The married taxpayers lived in the same household Neither spouse files MFS Neither spouse has income (other than earned income) over \$500 (indexed for inflation) and is a dependent of another taxpayer 	All taxpayers Form 1040 series	2018 – 2025 Modifications are repealed beginning in 2026	<ul style="list-style-type: none"> More taxpayers may be not required to file However, continue to file a return to claim refundable credits like the earned income credit (EIC) and a refund of income tax withholding 	TCJA Sec. 11041 IRC §6012
4	Tax rates and brackets modified <ul style="list-style-type: none"> The new rates are: 10% / 12% / 22% / 24% / 32% / 35% / 37% - View the 2018 tax brackets The lowest rate stays the same; others are adjusted slightly downward Tax brackets are also adjusted Future inflation adjustments are based on chained CPI; adjustments begin in 2019. 	Most taxpayers Form 1040 series	2018 – 2025 Modifications are repealed beginning in 2026	<ul style="list-style-type: none"> Check withholding and/or quarterly estimated payments and adjust as necessary 	TCJA Sec. 11001 IRC §1(f)&(j)



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5	Long-term capital gains thresholds adjusted <ul style="list-style-type: none"> The 0%, 15% and 20% rates remain the same for long-term capital gains and qualified dividends The thresholds are modified due to rate and bracket changes New rate thresholds “below the maximum zero rate amount” and “below the 15-percent rate amount” are decoupled from the tax brackets – Compare the 2017 thresholds with the 2018 thresholds Future inflation adjustments based on C-CPI-U begin in 2018 	Investors Form 1040 Schedule D Tax Worksheet Form 8949	2018 – 2025 Modifications are repealed beginning in 2026		TCJA Sec. 11001 IRC §1(f)&(j)
6	Kiddie tax rates adjusted <ul style="list-style-type: none"> Unearned income is subject to tax using the rates and tax brackets applicable estates and trusts Earned income is taxed under the rates for single individuals 	Individuals subject to kiddie tax with unearned income Form 8615 Form 8814	2018 – 2025 Modifications are repealed beginning in 2026		TCJA Sec. 11001 IRC §1(j)
7	AMT exemptions increased <ul style="list-style-type: none"> AMT exemptions are increased to: <ul style="list-style-type: none"> \$70,300 Single / HH \$109,400 MFJ / QW \$54,700 MFS AMT phaseout thresholds increased to: <ul style="list-style-type: none"> \$500,000 Single / HH \$1 million MFJ / QW \$500,000 MFS The AMT phaseout thresholds are indexed for inflation under C-CPI-U 	Some taxpayers who owed AMT in prior years may no longer owe AMT because the exemptions increased Form 6251	2018 – 2025 Modifications are repealed beginning in 2026	<ul style="list-style-type: none"> Check withholding and/or quarterly estimated payments and adjust as necessary 	TCJA Sec. 12003 IRC §55(d)



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	<ul style="list-style-type: none"> Exemptions and phaseouts for estates and trusts were not increased 				
8	Inflation adjustment measure modified <ul style="list-style-type: none"> The Chained Consumer Price Index for All Urban Consumers (C-CPI-U) replaces the Consumer Price Index for All Urban Consumers (CPI-U) as a measure for inflation for most inflation-adjustments The C-CPI-U is expected to result in lower inflation-adjusted growth than the CPI-U would 	All taxpayers	2018 This provision is permanent		TCJA Sec. 11002 IRC §1
9	Value of personal exemption set at \$4,150 for certain IRC purposes <ul style="list-style-type: none"> The \$4,150 value will be used for: <ul style="list-style-type: none"> Property exempt from levy (§6334(d)) Wage withholding in 2018 Deduction for qualified disability trusts (§642(b)(2)(C)) The \$4,150 value will be adjusted for inflation 		2018 – 2025 Modifications are repealed beginning in 2026		TCJA Sec. 11041 IRC §151(d)
Personal Credits					
10	Child tax credit and additional child tax credit increased <ul style="list-style-type: none"> Maximum credit increased from \$1,000 to \$2,000 per qualifying child Credit refundable up to \$1,400 (up from \$1,000) Refundable portion of credit adjusted for inflation Earned income threshold for refundable portion decreased to \$2,500 Phaseout begins at \$200K (\$400K if MFJ); the phaseout isn't indexed for inflation Qualifying child must be under age 17 to qualify 	Taxpayers with qualifying children under age 17 Schedule 8812	2018-2025 Credit returns to the 2017 rules beginning in 2026	<ul style="list-style-type: none"> Apply for an SSN for qualifying child so that it is issued by the due date of the return if the child does not possess one 	TCJA Sec. 11022 IRC §24



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	<ul style="list-style-type: none"> Qualifying child must have an SSN by the due date of the return to claim the child tax credit 				
11	Non-child dependent credit created <ul style="list-style-type: none"> \$500 credit for each dependent who does not qualify for the child tax credit The credit is nonrefundable Phaseout begins at \$200K (\$400K if MFJ) The credit may be claimed for a dependent who did not have an SSN by the due date of the return The credit is not allowed for the taxpayer or spouse 	Taxpayers with qualifying children age 17 and over; taxpayers with qualifying relatives Form to be determined	2018-2025		TCJA Sec. 11022 IRC §24
12	Saver's credit modified <ul style="list-style-type: none"> The designated beneficiary of an ABLE account may claim the saver's credit for contributions made to his or her ABLE account 	Designated beneficiaries of ABLE accounts Form 8880	2018 – 2025 The modification does not apply to ABLE account contributions made after December 31, 2025		TCJA Sec. 11024(b) IRC §25B(d)(1)(D)
13	Some credits remain the same <ul style="list-style-type: none"> The following credits remain exactly the same under the new law: <ul style="list-style-type: none"> EIC (TCJA reiterates SSN requirement) Child and dependent care credit American opportunity credit Lifetime learning credit Adoption credit 	Qualifying taxpayers Schedule EIC Form 2441 Form 8863 Form 8863 Form 8839	No changes between TY 17 and TY 18	<ul style="list-style-type: none"> Taxpayers with earned income, child care expenses, adoption expenses, and retirement contributions, should maintain records that substantiate the credits 	IRC §32 IRC §21 IRC §25A IRC §23 IRC §22



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	<ul style="list-style-type: none"> ○ Elderly and disabled credit ○ Mortgage interest credit ○ Qualified plug-in electric drive motor vehicle 	Schedule R Form 8396 Form 8936			IRC §30B
14	Some credits are no longer available <ul style="list-style-type: none"> • The following credit expired under prior law and is no longer available: <ul style="list-style-type: none"> ○ Nonbusiness energy property credit • The following credit partially expired under prior law and was partially extended under prior law Residential energy efficient property (REEP) credit: (only the credit for solar electric property and solar water heating property is extended for property placed in service through December 31, 2021) 	Qualifying taxpayers Form 5695	Nonbusiness energy property credit expired December 31, 2016; REEP remains available but only for certain property		IRC §25C IRC §25D
Itemized deductions on Schedule A					
15	Medical expense deduction retained; AGI threshold temporarily lowered <ul style="list-style-type: none"> • For 2017 and 2018, the AGI threshold for deducting medical expenses is lowered from 10% to 7.5% for all taxpayers • In 2019, the AGI threshold returns to 10% • For 2017 and 2018, the 7.5% floor also applies for AMT purposes; i.e., medical expenses aren't a preference item. 	Taxpayers with medical and dental expenses Schedule A	7.5% threshold for 2017 and 2018; 10% threshold beginning 2019	<ul style="list-style-type: none"> • Pay medical expenses in 2018 and 2019, retain records for substantiation • Taxpayers who itemize in 2017 but will likely claim the standard deduction in 2018 should consider accelerating payments for medical expenses into 2017 where possible. 	TCJA Sec. 11027 IRC §213
16	State and local tax deduction limited to \$10,000	Taxpayers who itemize	2018 - 2025 Pre-TCJA law applies	<ul style="list-style-type: none"> • Prepay the last installment of quarterly estimated state and local taxes for 2017 by December 31, 2017. 	TCJA Sec. 11042 IRC §164



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	<ul style="list-style-type: none"> • Taxpayers can choose to deduct state and local income tax or state sales tax • Taxpayers can continue to deduct real property tax (other than foreign real property tax) and personal property tax • The total amount of state and local tax deduction is limited to \$10,000 (\$5,000 MFS) • Taxes deducted on Schedule C, E, or F remain deductible and are not subject to the limit. Foreign taxes can be deducted on these schedules. 	Schedule A State and local income tax deduction worksheet Sales tax tables	beginning in 2026	<ul style="list-style-type: none"> • Don't prepay 2018 taxes to increase the 2017 deduction: taxpayers cannot claim an itemized deduction in 2017 for a prepayment of income tax for a future year in order to avoid the dollar limitation applicable after 2017 • Continue to maintain state and local taxation records 	IR-2017-210
17	Home mortgage interest deduction reduced <ul style="list-style-type: none"> • Taxpayers with acquisition debt incurred before December 15, 2017 can continue to claim home mortgage interest on up to \$1 million (\$500K MFS) in acquisition debt going forward; the \$1 million (\$500 MFS) limit continues to apply to refinanced acquisition debt incurred before December 15, 2017 • A taxpayer with a binding written contract entered into before December 15, 2017 to close on a principal residence before January 1, 2018 will be treated as incurring the debt prior to December 15, 2017 if the taxpayer purchases the residence before April 1, 2018 • Taxpayers with acquisition debt incurred on or after December 15, 2017, can deduct home mortgage interest on acquisition debt up to \$750,000 (\$375K MFS) debt going forward • Interest on home equity debt (debt not used to build, acquire, or substantially improve the residence) is no longer deductible as residence interest 	Homeowners Schedule A Form 1098 Schedule A Form 6251	2018 - 2025 Modifications repealed beginning in 2026		TCJA Sec. 11043 IRC §163(h)



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	<ul style="list-style-type: none"> • Taxpayers can continue to deduct interest on both their first and second homes • The private mortgage interest (PMI) deduction expired at the end of 2016 and was not renewed by the TCJA 				
18	Investment interest deduction retained <ul style="list-style-type: none"> • Taxpayers can continue to deduct investment interest expenses 	Investors Schedule A Form 4952			
19	Charitable contribution deduction cash limitation expanded; deductions for athletic seating disallowed <ul style="list-style-type: none"> • The 50% limitation for cash contributions to public charities and some private foundations is increased to 60% of AGI • Donors continue to be able to use a 5-year carryover to the extent donations exceed 60% of AGI • No charitable deduction is allowed for any payment to a higher education institution in exchange for the right to purchase tickets or seating at an athletic event 	Donors Schedule A	2018-2025 Expansion repealed in 2026	<ul style="list-style-type: none"> • Taxpayers who itemize in 2017 but will likely claim the standard deduction in 2018 should consider accelerating planned 2018 contributions into 2017. • Taxpayers who plan to donate household goods to charity may want to consider completing their donations of household goods before the end of 2017. 	TCJA Sec. 11023 IRC §170(b) TCJA Sec. 13704 IRC §170(l)
20	Casualty and theft losses deduction eliminated, but certain disaster losses allowed <ul style="list-style-type: none"> • Personal casualty and theft losses are generally disallowed • Losses for Presidentially declared disaster areas are still allowed 	Taxpayers with casualty and theft losses	Losses incurred in taxable years after 2017 Modification repealed in		TCJA Sec. 11044 IRC §165



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	<ul style="list-style-type: none"> Disaster losses due to 2017 hurricanes remain deductible Taxpayers with personal casualty gains can continue to net personal casualty gains with personal casualty losses 		2026		
21	Employee business expenses eliminated <ul style="list-style-type: none"> Employees can no longer deduct job expenses 	Employees with unreimbursed expenses Schedule A Form 2106	2018 - 2025	<ul style="list-style-type: none"> Taxpayers who itemize in 2017 and claim employee business expenses should consider accelerating any expenses planned for 2018 into 2017. Taxpayers working for an employer that does not have an accountable plan should consider talking with their employer about instituting such a plan. 	TCJA Sec. 11045 IRC §62
22	All other deductions subject to 2% of AGI threshold eliminated <ul style="list-style-type: none"> Tax prep deductions no longer allowed 		2018-2025 Reinstated beginning in 2026		TCJA Sec. 11045 IRC §62 IRC §67 IRC §212
23	Miscellaneous deductions not subject to the 2% of AGI threshold remain in place; Gambling expense deduction modified <ul style="list-style-type: none"> Gambling losses limited to the extent of gambling winnings only Losses from wagering transactions include expenses incurred by the individual in connection with gambling 	Taxpayers with gambling expenses Schedule A	2018-2025 Modification repealed beginning in 2026	<ul style="list-style-type: none"> Keep a record and substantiation of all gambling expenses, wagers, and income Taxpayers who can deduct estate tax attributable to income in respect of a decedent (IRD) should maintain records to support the deduction. 	TCJA Sec. 11050 IRC §165
24	Overall limit on itemized deductions (Pease limit) eliminated	Taxpayers who itemize deductions	2018-2025		TCJA Sec. 11046



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	<ul style="list-style-type: none"> Higher-income taxpayers are no longer subject to the limit on itemized deductions 	Schedule A	Limit is reinstated beginning 2026		IRC §68
Above-the-line Deductions on Form 1040					
25	Moving expense deduction eliminated for most taxpayers <ul style="list-style-type: none"> Military members on active duty moving under military orders and incident to a permanent change of station can continue to claim the deduction All other taxpayers can no longer claim a moving expense deduction 	Employees and self-employed taxpayers who move for work Form 3903	2018-2025 Beginning in 2026 the moving expense deduction is fully restored	<ul style="list-style-type: none"> Taxpayers in the middle of a move should consider paying associated expenses before the end of 2017. 	TCJA Sec. 11049 IRC §217
26	Alimony deduction eliminated for new orders <ul style="list-style-type: none"> Payments made under existing orders are grandfathered in and may continue to be deducted; alimony income is treated as taxable by the recipient Payments under orders executed after Dec. 31, 2018 are not deductible; alimony income is not taxable to the recipient. The new rule applies to orders entered into before 2019 and modified after 2019 only if the modification states the new rule applies. Alimony not taxable under the new rule isn't compensation for IRA purposes 	Divorced and divorcing taxpayers with alimony payments	2019		TCJA Sec. 11051 IRC §§61, 71, 215
27	Domestic production activities deduction (DPAD) eliminated <ul style="list-style-type: none"> The DPAD is eliminated 	Taxpayers with domestic production	2018 (noncorporate taxpayers)		TCJA Sec. 13305 IRC §199



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			2019 (C corporations)		
28	Some deductions remain unchanged <ul style="list-style-type: none"> • Educator expense deduction • Student loan interest deduction • Health savings account (HSA) deduction • IRA deduction • SE tax deduction • SE qualified retirement plan deduction • SE health insurance deduction 				
29	Tuition and fees deduction expired <ul style="list-style-type: none"> • The tuition and fees deduction expired under prior law and was not renewed by the TCJA 	Taxpayers with college expenses who do not claim an education credit	Tuition and fees deduction expired December 31, 2016		IRC §221
Affordable Care Act Changes					
30	Individual health care penalty eliminated <ul style="list-style-type: none"> • The penalty still applies to tax years 2017 and 2018 • The penalty amount is reduced to zero beginning in tax year 2019 	Taxpayers who do not have minimum essential coverage Form 8965	2019	<ul style="list-style-type: none"> • Taxpayers who did not have coverage in 2017 or 2018 should evaluate whether they qualify for a penalty exemption • Taxpayers who do not have insurance and want insurance can still purchase Marketplace plans during open enrollment or during a special enrollment period • Taxpayers who qualify for a premium tax credit can continue to claim a premium tax credit to offset the cost of health insurance 	TCJA Sec. 11081 IRC §5000A



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Education Provisions					
31	529 plans can be used for K-12 expenses <ul style="list-style-type: none"> Plans can distribute up to \$10,000 each year for tuition incurred for enrollment or attendance at a public, private, or religious elementary or secondary school The \$10,000 limit for elementary and secondary school is a per student limit 	Taxpayers paying or planning to pay elementary and secondary school expenses	Distributions made after December 31, 2017		TCJA Sec. 11032 IRC §529
32	Rollovers from 529 plans to ABLE accounts allowed <ul style="list-style-type: none"> Amounts from a 529 plan can be rolled over to an ABLE account penalty-free if the ABLE account is owned by the designated beneficiary of the 529 account or a member of the designated beneficiary's family Rolled-over amounts count towards the ABLE contribution limitation for the year Excess rollover amounts are includible in the distributee's gross income 	Taxpayers who are totally and permanently disabled and qualify for an ABLE account	Distributions after December 22, 2017 Expires and does not apply to distributions after December 31, 2025		TCJA Sec. 11025 IRC §529 IRC §529A
33	Increased contribution to ABLE accounts allowed <ul style="list-style-type: none"> The per-donee limit on contributions equals the annual gift tax exclusion amount (\$15,000 for 2018) The above limit is increased by an ABLE beneficiary's contribution up to the lesser of the federal poverty line for a one-person household or the individual's compensation for the year ABLE beneficiaries making contributions should keep records that support the tax treatment 	Taxpayers who are totally and permanently disabled and qualify for an ABLE account	December 22, 2017 Modification repealed beginning in 2026		TCJA Sec. 11024 IRC § 529A(b)(2)



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34	Exclusion for cancellation of student loans modified <ul style="list-style-type: none"> Discharges due to death or total and permanent disability are excluded from income Loan discharges are eligible for the exclusion if the loans are made by: <ul style="list-style-type: none"> the U.S. or a U.S. agency a state a tax-exempt public benefit corporation that control a state, county, or municipal hospital or whose employees are deemed public employees under state law educational organization that received the funds from the loan made from the U.S., a state, or a tax-exempt public benefit corporation private education loans as defined in section 140(7) of the Consumer Protection Act 	Taxpayers with student loan cancellations due to death or total and permanent disability	2018 – 2025 Exclusion repealed for discharges after 2025		TCJA Sec. 11031 IRC §108
35	The following education benefits remain unchanged: <ul style="list-style-type: none"> American opportunity credit Lifetime learning credit Exclusion for interest on savings bonds used for higher education expenses Exclusion for educational assistance programs 				
Estate, Trust and Gift Provisions					
36	Estate tax exemption increased <ul style="list-style-type: none"> The basic exclusion amount is increased from \$5 million to \$10 million 	Very large estates and taxpayers who make large lifetime transfers	2018-2025 The exclusion for 2026 will be \$5 million		TCJA Sec. 11061 IRC §2001 IRC §2010



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	<ul style="list-style-type: none"> The basic exclusion will be adjusted for inflation after 2011; estimated \$11.2 million for 2018 	Form 706 Form 709	adjusted for inflation after 2017		
Fringe Benefit and Employee Compensation Provisions					
37	Deduction for qualified transportation fringe <ul style="list-style-type: none"> Employees can continue to exclude qualified transportation fringe from income Employers are not allowed to deduct qualified transportation fringe 	Employees and employers	2018-2025		TCJA Sec. 13304(c) IRC §132(f) IRC §274(a)(4)
38	Qualifying moving expense reimbursement eliminated <ul style="list-style-type: none"> The exclusion from gross income and wages for qualified moving expense reimbursements is eliminated An exception allows members of the Armed Forces on active duty (and their spouses and dependents) who move pursuant to a military order to receive excludible moving expense reimbursements 	Employees receiving employer moving expense reimbursements	2018-2025 The exclusion is available beginning in 2026		TCJA Sec. 11048 IRC §132(g)
39	Bicycle commuting exclusion eliminated <ul style="list-style-type: none"> The exclusion from gross income for qualified bicycle commuting benefits of up to \$20 per qualifying months eliminated 	Bicyclists receiving a bicycle fringe benefit	2018-2025 The exclusion is available beginning in 2026		TCJA Sec. 11047 IRC §132(f)
40	Employee achievement award exclusion modified <ul style="list-style-type: none"> Cash and cash equivalents (such as gift cards) cannot be excluded 	Employees and employers	2018-2025		TCJA Sec. 13310



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	<ul style="list-style-type: none"> Vacations, meals, lodging, tickets to theater or sporting events, stocks, bonds, other securities, and similar items cannot be excluded 				IRC §274(j)(3)
41	Some exclusions for fringe benefits retained <ul style="list-style-type: none"> Education assistance programs Dependent care assistance programs Adoption assistance programs Employer-provided housing 				
42	New deferral election for qualified equity grants <ul style="list-style-type: none"> Employees can make an election to defer income tax on the amount of income attributable to qualified stock transferred to the employee by the employer The deferral does not apply for FICA and FUTA The election must be made within 30 days after the earlier of (1) the date the stock is substantially vested or (2) transferable If the election is made, income is subject to tax the earliest of: <ul style="list-style-type: none"> The first date the stock becomes transferable The date the employee first becomes an excluded employee (1% owner at any time during the last 10 years, CEO or CFO or acting in either capacity, a family member of a 1% owner, CEO or CFO or one of the four highest compensated officers) The first date on which the stock becomes readily tradable on an established securities market 	Employees with statutory stock options	Options exercised or RSUs settled after December 31, 2017		TCJA Sec. 13603(a) IRC §83(i)



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	<ul style="list-style-type: none"> The date five years after the first date the employee's right to the stock becomes substantially vested The date on which the employee revokes his or her election 				
43	\$1 million deduction limitation on excessive employee compensation modified <ul style="list-style-type: none"> The exceptions to the \$1 million deduction limit for commissions and performance-based compensation are eliminated (exceptions included commissions, performance-based compensation such as stock-options, payments to a tax-qualified retirement plan, and amounts that are excludable from the employee's gross income) "Covered employee" includes the principal executive officer, the principal financial officer, and the three other highest paid officers If an individual is a covered employee for a tax year beginning after December 31, 2016, the individual remains a covered employee with respect to the corporation for all future years 	Publicly traded corporations	Exceptions eliminated for tax years beginning after December 31, 2017, except changes do not apply to a written binding contract in effect on November 2, 2017, and not materially modified after that date		TCJA Sec. 13601 IRC §162(m)
Miscellaneous					
44	New holding period for carried interest <ul style="list-style-type: none"> In order to receive long-term capital gain treatment, a 3-year holding period must be met for certain partnership interests received in connection with the performance of services 	Hedge fund managers	Tax years beginning after December 31, 2017		TCJA Sec. 13309(a) IRC §1061(a)



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	<ul style="list-style-type: none"> If the 3-year holding period is not met the gain will be taxed as short-term capital gain 				
45	Sale of home exclusion remains the same <ul style="list-style-type: none"> No changes were made to the sale of home exclusion 	Homeowners			
46	Relief for 2016 disaster areas enacted <ul style="list-style-type: none"> The 10%-of-AGI casualty loss threshold does not apply to losses from 2016 disaster areas for tax years 2016 and 2017 The \$100 per casualty floor is increased to \$500 for tax years 2016 and 2017 Taxpayers who don't claim itemized deductions may claim an additional standard deduction for 2016 disaster losses for tax years 2016 and 2017. The amount added to the standard deduction is deductible for AMT purposes. Special rules allow taxpayers to report 2016 disaster area retirement plan distributions in gross income ratably over three years Penalty-free retirement plan distributions are allowed for 2016 disaster area victims A disaster distribution can be rolled back into a retirement plan within three years 	Taxpayers with losses from an area with respect to which a major disaster was declared by the President during calendar year 2016	Tax years beginning after 2015 and before 2018 (tax years 2016 and 2017 for calendar year taxpayers)	<ul style="list-style-type: none"> Affected taxpayers may need to amend their 2016 tax return 	TCJA Sec. 11028 IRC §165(h)
47	Combat zone designated for Sinai Peninsula of Egypt <ul style="list-style-type: none"> Any member of the Armed Forces who performed services in the Sinai Peninsula of Egypt can use combat zone benefits for services performed in that location 		June 9, 2015 through period of entitlement up to January 1, 2026		TCJA Sec. 11026 IRC §§ 2, 112, 692, 2201, 4253, 6013, 7508



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			(amounts paid after December 22, 2017 for withholding purposes)		
48	New deferral for capital gains reinvested in a qualified opportunity fund <ul style="list-style-type: none"> • A qualified opportunity fund is an investment fund organized as a corporation or partnership to invest in qualified opportunity zone property • Qualified opportunity zone property is qualified opportunity zone stock, any qualified opportunity zone partnership interest, and any qualified opportunity zone business property • A taxpayer can defer gain up to the amount invested in the qualified opportunity fund during the 180-day period beginning on the date the taxpayer sold the asset that generated the capital gain • A taxpayer who holds an investment in a fund for at least 10 years can make an election to treat the basis in the fund as the FMV of the investment at the date of the sale or exchange. Losses on the sale can be recognized. • Qualified opportunity zones are designated low-income community census tracts 	Investors	December 22, 2017		TCJA Sec. 13823 IRC §1400Z-1 IRC §1400Z-2
Preparer Penalties					
49	Due diligence penalty for head of household created	Tax preparers	2018		TCJA Sec. 11001(b)



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	<ul style="list-style-type: none"> A new due diligence penalty for determining eligibility to file as head of household Penalty is up to \$500 per failure Penalties for EIC, child tax credit and AOC remain the same 	Form 8867			IRC §6695(g)
IRS Procedure and Representation					
50	Time limit for contesting IRS levy extended <ul style="list-style-type: none"> The time limit for returning monetary proceeds from the sale of property that was wrongfully levied upon is extended from nine months to two years The time limit for bringing a civil action for wrongful levy is also extended from nine months to two years 	Taxpayers subject to an IRS levy	Levies made after December 22, 2017		TCJA Sec. 11071 IRC §6343 IRC §6532
Retirement					
51	Roth conversion recharacterizations eliminated <ul style="list-style-type: none"> Recharacterization can no longer be used to unwind a Roth conversion Recharacterization is still permitted with respect to other types of contributions; for example: <ul style="list-style-type: none"> An individual may make a contribution for the year to a Roth IRA and before the due date for the income tax return recharacterize it as a contribution to a traditional IRA Under the new law, an individual is still allowed make a contribution to a traditional IRA and convert the traditional IRA to a Roth IRA 	Taxpayers saving for retirement	2018	<ul style="list-style-type: none"> Taxpayers considering converting a traditional IRA to a Roth during 2017 may want to wait until 2018 if they expect to be subject to lower tax rates in 2018 Taxpayers who converted a traditional IRA to a Roth IRA during 2017 may want to consider a recharacterization before the end of the year. However, the recharacterization must take place before the end of 2017. Taxpayers considering converting a traditional IRA to a Roth IRA in 2018 should be aware that they cannot recharacterize the contribution back to a traditional IRA once it is completed. 	TCJA Sec. 13611 IRC §408



#	What is the new law?	Which taxpayers and tax forms are affected?	When is the law effective?	What actions should be taken?	TCJA / IRC / IRS guidance
52	Rollover period for retirement plan loan offsets extended <ul style="list-style-type: none"> The period during which a qualified plan loan offset can be contributed to an eligible retirement plan as a rollover contribution is extended from 60 days after the offset to the due date of the taxpayer's federal income tax return (including extensions) for the tax year in which the offset occurred 	Taxpayers who stop making payments on a retirement plan loan before the loan is repaid	Distributions in tax years beginning after December 31, 2017	<ul style="list-style-type: none"> Taxpayers with deemed distributions should consider making rollover contributions under the new rules 	TCJA Sec. 13613 IRC §402(c)(3)
53	Public safety volunteer length of service award program modified <ul style="list-style-type: none"> The maximum length of service award that may accrue to a volunteer is increased from \$3,000 to \$6,000 per year of service The amount will be adjusted for changes in cost of living beginning in 2019 For defined benefit plans, the limit applies to the actuarial present value of the aggregate amount of service awards accrued 	Public safety volunteers	2018		TCJA Sec. 13612 IRC §457(e)
Withholding Changes					
54	Wage withholding modified <ul style="list-style-type: none"> Wage withholding rules changed to reflect that taxpayers no longer claim personal exemptions Wage withholding rules may remain the same as under present law for 2018, under IRS discretion IRS may make changes during 2018 	Employers and employees Form W-4	2018 (discretion to delay to 2019)	<ul style="list-style-type: none"> Update W-4 with employers Check paystubs and verify withholding changes were made as requested 	TCJA Sec. 11041(c) IRC §3401 IRC §3402 IRS Statement – Withholding for 2018



#	What is the new law?	Which taxpayers and tax forms are affected?	When is the law effective?	What actions should be taken?	TCJA / IRC / IRS guidance
55	Back-up withholding for non-wage payments lowered <ul style="list-style-type: none"> Backup withholding for non-wage payments is lowered from 28% to 24% This applies to payments such as commissions, fees, interest and dividends, when there is a missing or incorrect TIN for the payee 	Payers	January 1, 2018		IRC §3406(a)(1)
Corporations					
56	Corporate tax rate lowered <ul style="list-style-type: none"> C corporation tax rates are changed to one flat rate of 21% 	Businesses Form 1120	Tax years beginning after December 31, 2017		TCJA Sec. 13001 IRC § 11
57	Corporate AMT eliminated <ul style="list-style-type: none"> The corporate AMT is eliminated. 	Businesses Form 4626	Tax years beginning after December 31, 2017		TCJA Sec. 12001 IRC § 53 IRC § 55
58	Dividends received deduction modified <ul style="list-style-type: none"> The 80% rate is reduced to 65% and the 70% rate is reduced to 50%. 	Businesses Form 1120	Tax years beginning after December 31, 2017		TCJA Sec. 13002 IRC § 243
59	Exclusions from contributions to capital modified <ul style="list-style-type: none"> Contributions to capital do not include <ul style="list-style-type: none"> Any contribution in aid of construction or any other contribution as a customer or potential customer, and 	Corporations	Contributions to capital made after December 22, 2017; does not		TCJA Sec. 13312 IRC §118(a) IRC §362(c)



#	What is the new law?	Which taxpayers and tax forms are affected?	When is the law effective?	What actions should be taken?	TCJA / IRC / IRS guidance
	<ul style="list-style-type: none"> Any contribution by any governmental entity or civic group (other than a contribution made by a shareholder in the shareholder's capacity as a shareholder) 		<p>apply to contributions made after December 22, 2017 by a governmental entity pursuant to a master development plan that had been approved prior to December 22, 2017</p>		
60	<p>Tax treatment of §481 adjustments and post-PTTP distributions due to revoking an S election modified</p> <ul style="list-style-type: none"> Eligible §481 adjustments are taken into account ratably over a six-year period Post-post-termination transition period (post-PTTP) cash distributions are chargeable to accumulated earnings and profits in a ratio. The ratio is the amount that the accumulated adjustments account bears to the accumulated earnings and profits An eligible terminated S corporation is any C corporation that: <ul style="list-style-type: none"> Is an S corp on December 21, 2017 During the two-year period starting on December 22, 2017 revokes its S corporation election 	Corporations that revoke the S election and meet eligibility criteria	December 22, 2017	<ul style="list-style-type: none"> Corporations considering switching from S to C status should evaluate this change as part of their decision 	<p>TCJA Sec. 13543</p> <p>IRC §481(d) IRC §1371(f)</p>



#	What is the new law?	Which taxpayers and tax forms are affected?	When is the law effective?	What actions should be taken?	TCJA / IRC / IRS guidance
	<ul style="list-style-type: none"> All of the owners of the date of revocation are the same owners as the owners on December 22, 2017 and ownership shares are in identical proportions on both dates. 				
Passthroughs					
61	Deduction for qualified business income created <ul style="list-style-type: none"> Individual taxpayers can deduct up to 20% of qualified business income from a sole proprietorship, partnership, S corp, as well as 20% of aggregate qualified REIT dividends, qualified cooperative dividends, and qualified publicly traded partnership income Qualified business income means the net amount of domestic qualified items of income, gain, deduction, and loss for the taxpayer's qualified businesses. It also includes gain from the sale of a partnership interest to the extent the gain is treated as gain from a sale of property other than a capital asset. Qualified business income does not include any amount paid by an S corp treated as reasonable compensation of the taxpayer, guaranteed payment for services rendered partnerships, or investment related income, gain, deductions or loss The deduction can't exceed the lesser of: (1) qualified business income or (2) the excess of taxable income without regard to this deduction over the sum of the taxpayer's net capital gain for the year and the taxpayer's aggregate amount of qualified cooperative dividends for the year. 	Taxpayers with small business income, including sole proprietorships, partners, and S corp shareholders; trusts and estates may also qualify Forms to be determined	2018-2025 Repealed beginning in 2026		TCJA Sec. 11011(a) IRC §199A



#	What is the new law?	Which taxpayers and tax forms are affected?	When is the law effective?	What actions should be taken?	TCJA / IRC / IRS guidance
	<ul style="list-style-type: none"> If the taxpayer's income is over the threshold amount, the 20% deduction can't exceed the larger of (1) 50% of W-2 wages paid, or (2) 25% of W-2 wages paid plus a 2.5% capital allowance. The threshold amount is \$157,500 (\$315,000 MFJ) indexed for inflation. These wage limits begin phasing in for taxpayers with taxable income between \$157,500 and \$207,500 (\$315,000 and \$365,000 MFJ). The deduction for specified trades and businesses is phased out above the same thresholds (these trades and businesses include service businesses in the fields of health, law, accounting, actuarial science, performing arts, consulting, athletics, financial services, brokerages, and trades or businesses that involve the performance of services that consist of investment activities) The deduction reduces taxable income, not AGI. Thus, it doesn't reduce self-employment income. 				
62	Accuracy related penalty modified for taxpayers claiming the new §199A deduction <ul style="list-style-type: none"> For taxpayers claiming the qualified business income deduction, a substantial underpayment exists for accuracy-related penalty purposes if the amount of the understatement exceeds the greater of 5% of the tax required to be shown or \$5,000. 	Taxpayers with small business income	2018		TCJA Sec. 11011(c) IRC §6662(d)(1)(C)
63	Partnership technical termination rules repealed <ul style="list-style-type: none"> Partnerships will no longer be terminated if there is a sale or exchange of 50% or more of the total 	Partnerships	Partnership tax years beginning after December		TCJA Sec. 13504 IRC §708(b)



#	What is the new law?	Which taxpayers and tax forms are affected?	When is the law effective?	What actions should be taken?	TCJA / IRC / IRS guidance
	interest in partnership capital and profits; partnerships will still terminate if no business is carried on by any partners		31, 2017		
64	Sales of partnership interests subject to look-through rule <ul style="list-style-type: none"> Gain or loss from the sale or exchange of a partnership interest will be treated as effectively connected with a U.S. trade or businesses to the extent the person selling the interest would have had effectively connected gain or loss if the partnership had hypothetically sold all of its assets at FMV on the date of the sale of the partnership interest Gain or loss from the hypothetical sale must be allocated among the partnerships interests in the same way that non-separately stated income or loss would be allocated 	Foreign persons with gain or loss from the sale or exchange of a partnership interest	Sales or exchanges of partnership interests on or after November 27, 2017		TCJA Sec. 13501 IRC §864(c)
65	10% withholding on certain partnership interest transfers required <ul style="list-style-type: none"> The taxpayer acquiring a partnership interest must withhold 10% of the amount realized on the sale or exchange of the partnership interest unless the transferor certifies that the transferor is not a nonresident alien or foreign corporation This rule applies to the extent gain or loss on the sale is treated as effectively connected with a U.S. trade or business up to the following amounts: (1) (a) gain on the sale or exchange of the partnership interest, to the extent of the portion of the partner's distributive share of the amount of gain that would 	Persons acquiring partnership interest from a nonresident alien or foreign corporation	Withholding requirements suspended until the IRS issues regulations or other guidance		TCJA Sec. 13501 IRC §1446(f) IRS Notice 2018-08



#	What is the new law?	Which taxpayers and tax forms are affected?	When is the law effective?	What actions should be taken?	TCJA / IRC / IRS guidance
	have been effectively connected with the conduct of a U.S. trade or business if the partnership had sold all of its assets at their fair market value as of the date of the sale or exchange of the interest, and (b) zero, if no gain on the deemed sale would have been effectively connected with the conduct of a U.S. trade or business, and (2) (a) loss on the sale or exchange of the partnership interest, to the extent of the portion of the partner's distributive share of the loss on the sale that would have been treated as gain that is effectively connected with the conduct of a U.S. trade or business if gain, rather than loss, had been realized, and (b) zero, if no loss on the deemed sale would have been effectively connected with the conduct of a U.S. trade or business.				
66	Partnership basis adjustment rules for substantial built-in loss adjustments modified <ul style="list-style-type: none"> • A substantial built-in loss exists if the transferee would be allocated a net loss exceeding \$250,000 if a hypothetical sale or exchange by the partnership of the partnership's assets in a fully taxable transaction for cash equal to the FMV of the assets, immediately after the transfer of the partnership interest • This does not change the current definition that a substantial built-in loss exists when a partnership's adjusted basis in the property exceeds by over \$250,000 the FMV of the partnership property 	Partnerships and partners	Transfers of partnership interests after December 31, 2017		TCJA Sec. 13502 IRC §743(d)
67	Partner's share of loss clarified		Partnership tax years		TCJA Sec. 13503



#	What is the new law?	Which taxpayers and tax forms are affected?	When is the law effective?	What actions should be taken?	TCJA / IRC / IRS guidance
	<ul style="list-style-type: none"> The basis limit on partnership losses is reduced by the partner's share of charitable contributions and foreign tax paid or accrued. If a charitable contribution is attributable to property with a FMV that exceeds its adjusted basis, the partner's distributive share of the excess (difference between adjusted basis and FMV) does not reduce the basis limit on partnership losses. 		beginning after December 31, 2017		IRC §702(a) IRC §704(d)
Tax-Exempt Organizations					
68	Tax treatment of income and loss from multiple unrelated trade or businesses modified <ul style="list-style-type: none"> Tax-exempt organizations with multiple unrelated trade or businesses cannot use loss from one activity to offset income from another activity 	Nonprofit organizations	Tax years beginning after December 31, 2017		TCJA Sec. 13702 IRC §512(a)
69	Excise tax on excess executive compensation enacted <ul style="list-style-type: none"> An excise tax at a rate of 21% is placed on: <ul style="list-style-type: none"> Compensation over \$1 million paid to a covered employee by a tax-exempt organization and Any excess parachute payment paid by the tax-exempt organization to a covered employee A covered employee is one of the five highest-paid employees of the tax-exempt organization for the tax year or who was a covered employee of the organization (or its predecessor) for any earlier tax year beginning after December 31, 2016 	Nonprofit organizations	Tax years beginning after December 31, 2017		TCJA Sec. 13602 IRC §4960



#	What is the new law?	Which taxpayers and tax forms are affected?	When is the law effective?	What actions should be taken?	TCJA / IRC / IRS guidance
Business Deductions					
70	Entertainment deduction disallowed <ul style="list-style-type: none"> Entertainment expense deductions are disallowed except for food and beverages for employees furnished by the employer on the employer's business premises, expenses treated as compensation and reimbursed expenses. 	Businesses	Amounts paid or incurred after December 31, 2017		TCJA Sec. 13304 IRC §274
71	50% limitation on meals expanded <ul style="list-style-type: none"> The 50% limit on business meals also applies to meals provided through an in-house cafeteria or on the employer's business premises 	Employers with in-house cafeterias	Amounts paid or incurred after December 31, 2017 and before January 1, 2026		TCJA Sec. 13304 IRC §274
72	Employer's deduction for meals provided for the convenience of the employer eliminated <ul style="list-style-type: none"> Expenses for meals provided for the convenience of the employer on the employer's premises, or provided on or near the employer's business premises through an employer-operated facility are not deductible 	Employers with eating facilities on premises or on or near the premises provided by an employer-operated facility	Amounts paid after December 31, 2025		TCJA Sec. 13304 IRC §274
73	Interest deduction modified for large businesses <ul style="list-style-type: none"> The deduction for business interest for any tax year can't exceed the total of: <ul style="list-style-type: none"> The taxpayer's business interest income for the tax year 	Large businesses	Tax years beginning after 2018		TCJA Sec. 13301 IRC §163



#	What is the new law?	Which taxpayers and tax forms are affected?	When is the law effective?	What actions should be taken?	TCJA / IRC / IRS guidance
	<ul style="list-style-type: none"> ○ 30% of the taxpayer's adjusted taxable income for the tax year, plus ○ The taxpayer's floor plan financing interest for the tax year ● This limitation does not apply to a taxpayer with average annual gross receipts for the three-tax year period ending with the prior year that do not exceed \$25 million. ● Interest that isn't deductible because of this rule is treated as interest paid in the following year 				
74	Excess business loss limit created for noncorporate taxpayers <ul style="list-style-type: none"> ● An excess business loss is the excess of aggregate deductions of the taxpayer attributable to the taxpayer's trade and businesses over the sum of the aggregate gross income or gain of the taxpayer plus a threshold amount ● The threshold amount is \$250,000 (\$500,000 MFJ) ● The threshold amount will be indexed for inflation ● The excess business loss limit is applied after the passive loss rules ● For passsthroughs, the limit applies at the partner or shareholder level ● Farmers who were subject to the excess farm loss rules are now subject to these rules ● The excess loss is treated as part of the taxpayer's NOL carryforward 	Taxpayers with business losses	Tax years beginning after December 31, 2017 and before January 1, 2026		TCJA Sec. 11012 IRC §461(l)
75	Net operating losses limited for noncorporate taxpayers	Taxpayers with NOLs	Losses arising in tax years		TCJA Sec. 13302



#	What is the new law?	Which taxpayers and tax forms are affected?	When is the law effective?	What actions should be taken?	TCJA / IRC / IRS guidance
	<ul style="list-style-type: none"> An NOL deduction is limited to 80% of taxable income, determined without regard to the NOL deduction NOLs can no longer completely zero out taxable income NOLs can no longer be carried back (an exception is provided for certain farming losses) NOLs can be carried forward forever 		beginning after December 31, 2017 Repealed beginning in 2026		IRC §172
76	Like-kind exchanges limited <ul style="list-style-type: none"> Like-kind exchanges are only allowed for real property that is not held primarily for sale The old rules apply to exchanges of personal property if the taxpayer disposed of the relinquished property or acquired the replacement property on or before December 31, 2017 		Transfers after December 31, 2017		TCJA Sec. 13303 IRC §1031
77	Certain deductions related to any settlement or payout for sexual abuse or harassment disallowed <ul style="list-style-type: none"> No deduction is allowed for any settlement, payout, or attorney fees related to sexual abuse or harassment, paid after December 22, 2017, if the payment is subject to a nondisclosure agreement. 	Businesses	Expenses paid after December 22, 2017		TCJA Sec. 13307 IRC §162
78	Nondeductible penalties and fines provision modified <ul style="list-style-type: none"> No deduction is allowed for any otherwise deductible amount paid to or incurred at the direction of a government or specified nongovernmental agency in relation to the violation of any law or the investigation or inquiry by the 		Amounts paid on or after December 22, 2017, except amounts paid or incurred under a		TCJA Sec. 13306 IRC §162(f) IRC §6050X



#	What is the new law?	Which taxpayers and tax forms are affected?	When is the law effective?	What actions should be taken?	TCJA / IRC / IRS guidance
	<p>government or entity into the potential violation of any law.</p> <ul style="list-style-type: none"> • An exception allows payments that the taxpayer establishes as either restitution or amounts required to come into compliance with a law that was violated or involved in the investigation or inquiry, that are identified in the court order or settlement agreement as restitution, remediation, or required to come into compliance. • Amounts paid as taxes due are also deductible. • Restitution for failure to pay tax is allowed only to the extent it would have been allowed as a deduction if timely paid. • Government entities and agencies must issue reporting documents where amounts required to be paid is at least \$600. 		<p>binding order or agreement entered into before December 22, 2017. The exception doesn't apply to an amount required to be paid under court approval unless the approval was obtained before December 22, 2017.</p>		
79	<p>Deduction for lobbying local governments and tribal governments eliminated</p> <ul style="list-style-type: none"> • No deduction is allowed for lobbying expenses with respect to local government legislation and Indian tribal government legislation 	Businesses with local lobbying expenses	Amounts paid or incurred after December 22, 2017		<p>TCJA Sec. 13308</p> <p>IRC §162(e)</p>
Business Credits					
80	<p>Some business credits remain unchanged</p> <ul style="list-style-type: none"> • Low-income housing tax credit • Research credit 	Businesses			<p>IRC §41</p> <p>IRC §42</p>



#	What is the new law?	Which taxpayers and tax forms are affected?	When is the law effective?	What actions should be taken?	TCJA / IRC / IRS guidance
81	New credit for employer-paid family and medical leave <ul style="list-style-type: none"> • A credit of 12.5% of the amount of wages paid to qualified employees during any period they are on family and medical leave (FMLA) if the rate of payment is 50% of the wages normally paid to the qualified employee • The credit is increased by 0.25% for each percentage point the wage payments exceed 50% • The maximum credit is 25% of wages. • The credit can't exceed the product of the normal hourly rate the employee is paid and the number of hours for which family and medical leave is taken. • Employers must give all qualifying full-time employees at least 2 weeks of annual paid family and medical leave to qualify (part-time qualifying employees must be provided a pro rata amount of paid time) 	Employers	Wages paid in tax years beginning after December 31, 2017 but not beginning after December 31, 2019		TCJA Sec. 13403 IRC §45S
82	Rehabilitation credit modified for pre-1936 buildings and certified historic structures <ul style="list-style-type: none"> • A 20% credit is available for qualified rehabilitation expenditures on certified historic structures regardless of the date the structure was placed in service. • The credit is claimed ratably over a 5-year period starting with the tax year that the structure is placed in service • A qualified rehabilitation building is a building that (1) has been substantially rehabilitated, (2) is a certified historic structure, (3) was placed in service 		Amounts paid or incurred after December 31, 2017. There's a transitional rule for buildings owned or leased for the entire year 2017 and for		TCJA Sec. 13402 IRC §47



#	What is the new law?	Which taxpayers and tax forms are affected?	When is the law effective?	What actions should be taken?	TCJA / IRC / IRS guidance
	<p>before the rehabilitation began, and (4) is depreciable.</p> <ul style="list-style-type: none"> The structure must be owned or leased by the taxpayer at all times on and after specified dates 		<p>which a period must be chosen by the taxpayer with respect to expenditures that exceed the larger of the adjusted basis of the building or \$5,000. The period must begin no later than 180 days after December 22, 2017.</p>		
Depreciation and Accounting Method Changes					
83	<p>Bonus depreciation increased</p> <ul style="list-style-type: none"> Bonus is increased to 100% for property acquired and placed in service after September 27, 2017 and before January 1, 2023 (January 1, 2024 for longer production period property and transportation property) and for some plants planted or grafted after September 27, 2017 and before January 1, 2023 For 2017 taxpayers can elect to claim 50% bonus depreciation instead of 100%. For all other years, taxpayers must either elect out or claim 100%. 	<p>Businesses</p> <p>Form 4562</p>	<p>Property acquired and placed in service after September 27, 2017</p>		<p>TCJA Sec. 13201</p> <p>IRC §168</p>



#	What is the new law?	Which taxpayers and tax forms are affected?	When is the law effective?	What actions should be taken?	TCJA / IRC / IRS guidance
	<ul style="list-style-type: none"> • Bonus will phase down 20% per year after 2022 (80% in 2023, 60% in 2024, 40% in 2025, 20% in 2026) • Property acquired before September 28, 2017 follows the pre-TCJA bonus depreciation phasedown (40% for 2018, 30% for 2019) • The original use requirement is eliminated (used property may now qualify) • The election to accelerate AMT credits instead of claiming bonus depreciation is repealed 				
84	Section 179 deduction increased <ul style="list-style-type: none"> • The maximum deduction is increased to \$1,000,000 • The phaseout threshold begins at \$2,500,000 • The maximum deduction, phaseout threshold and \$25,000 SUV limitation are indexed for inflation • Section 179 property expanded to include depreciable tangible personal property used to furnish lodging or in connection with furnishing lodging • Qualified real property eligible for the section 179 deduction expanded to include certain improvements to nonresidential real property placed in service after the property was first placed in service (roofs; heating, ventilation and air conditioning property; fire protection and alarm systems; security systems) 	Businesses Form 4562	Property placed in service in tax years beginning after December 31, 2017		TCJA Sec. 13101 IRC §179
85	Self-created property not treated as a capital asset	Taxpayers with certain types of self-created assets	Dispositions after December 31, 2017		TCJA Sec. 13314



#	What is the new law?	Which taxpayers and tax forms are affected?	When is the law effective?	What actions should be taken?	TCJA / IRC / IRS guidance
	<ul style="list-style-type: none"> The definition of capital asset doesn't include patents, inventions, models, designs, secret formulas, or secret processes The change applies to the taxpayer who created the property <p>The change also applies to taxpayers who hold property with a substituted or transferred basis</p>				IRC §1221(a)(3)
86	Luxury auto depreciation limits increased <ul style="list-style-type: none"> Maximum depreciation for autos if first-year bonus depreciation is not claimed: <ul style="list-style-type: none"> \$10,000 first year \$16,000 second year \$9,600 third year \$5,760 fourth and later years If first-year bonus is claimed, the maximum first-year depreciation allowance is increased by \$8,000 For vehicles acquired before 9/28/2017 and placed in service after 9/27/17, the \$8,000 increase decreases to \$6,400 in 2018 and \$4,800 for 2019. 	Taxpayers with business autos	Autos placed in service after December 31, 2017		TCJA Sec. 13202 IRC §280F
87	Depreciation changes for new farm machinery and equipment <ul style="list-style-type: none"> The cost recovery period is lowered from 7 years to 5 years; this applies to new farm machinery and equipment used in a farming business (other than grain bins, cotton ginning assets, fences, and other land improvements) The 150% DB method is no longer required for 3, 5, 7, and 10-year property (taxpayers can use the 200% DB method) 	Farmers	Property placed in service after December 31, 2017		TCJA Sec. 13203 IRC §168(e)



#	What is the new law?	Which taxpayers and tax forms are affected?	When is the law effective?	What actions should be taken?	TCJA / IRC / IRS guidance
	<ul style="list-style-type: none"> • Taxpayers can elect to use the 150% DB method instead of 200% DB • The 150% DB method still applies to 15-year and 20-year property and property subject to ADS 				
88	<p>Depreciation period changes for qualified improvement property</p> <ul style="list-style-type: none"> • Qualified improvement property now has a 15-year recovery period using the straight-line method and half-year convention • Qualified improvement property is any improvement to an interior portion of a building which is nonresidential real property if the improvement is placed in service after the date the building was first placed in service • Qualified improvement property does not include any improvement for which the expenditure is attributable to the enlargement of the building, any elevator or escalator, or the internal structural framework of the building • The property types qualified leasehold improvements, qualified restaurant, and qualified retail property improvement are eliminated • Restaurant building property that doesn't meet the definition of qualified improvement property is depreciated as nonresidential real property <p>A farming business that elects out of the limit on business interest (see item 73) must use ADS to depreciate any property with a recovery of 10 years or more</p>		Property placed in service after December 31, 2017		TCJA Sec. 13204 IRC §168



#	What is the new law?	Which taxpayers and tax forms are affected?	When is the law effective?	What actions should be taken?	TCJA / IRC / IRS guidance
89	Depreciation period changes for qualified improvement property <ul style="list-style-type: none"> • Qualified improvement property now has a 15-year recovery period using the straight-line method and half-year convention • Qualified improvement property is any improvement to an interior portion of a building which is nonresidential real property if the improvement is placed in service after the date the building was first placed in service • Qualified improvement property does not include any improvement for which the expenditure is attributable to the enlargement of the building, any elevator or escalator, or the internal structural framework of the building • The property types qualified leasehold improvements, qualified restaurant, and qualified retail property improvement are eliminated • Restaurant building property that doesn't meet the definition of qualified improvement property is depreciated as nonresidential real property <p>A farming business that elects out of the limit on business interest (see item 56) must use ADS to depreciate any property with a recovery of 10 years or more</p>		<p>Property placed in service after</p> <p>Property placed in service after December 31, 2017</p>		<p>TCJA Sec. 13204</p> <p>IRC §168</p>
90	Listed property changes <p>Computers and peripheral equipment are no longer included in the definition of listed property</p>	Businesses	<p>Property placed in service after December 31, 2017 in a tax year that</p>		<p>TCJA Sec. 13202</p> <p>IRC §280F</p>



#	What is the new law?	Which taxpayers and tax forms are affected?	When is the law effective?	What actions should be taken?	TCJA / IRC / IRS guidance
			ends after December 31, 2017		
91	Residential rental property ADS periods shortened <ul style="list-style-type: none"> The ADS recovery period for residential rental property is shortened from 40 years to 30 years 	Taxpayers who elect ADS	Property placed in service after December 31, 2017		TCJA Sec. 13204 IRC §168(g)(2)(C)
92	Costs of replanting citrus plans lost because of casualty deductible by someone other than taxpayer <ul style="list-style-type: none"> For citrus plants lost or damaged because of a casualty, replacement costs may be deducted by someone other than the taxpayer if: <ul style="list-style-type: none"> the taxpayer has an equity interest of 50% or more in the replanted citrus plants at all times during the tax year in which the replanting costs are paid and the other taxpayer holds the remaining equity interest, or the other taxpayer acquires all of the taxpayer's equity interest in the land on which the lost or damaged citrus plants were located at the time of the loss or damage, and the replanting occurs on the land 	Citrus growers	Replanting costs paid or incurred after December 22, 2017 but no later than December 22, 2027		TCJA Sec. 13207 IRC §263A(d)
93	Five-year amortization period for specified R&E expenses available <ul style="list-style-type: none"> Specified R&E expenses are required to be capitalized and amortized ratably over a 5-year period (15 years if outside the U.S.) 		Amounts paid or incurred in tax years beginning after		TCJA Sec. 13206 IRC §174 IRC §481



#	What is the new law?	Which taxpayers and tax forms are affected?	When is the law effective?	What actions should be taken?	TCJA / IRC / IRS guidance
	<ul style="list-style-type: none"> Specified R&E expenses include expenses for software development 		December 31, 2021		
94	More taxpayers allowed to use the cash method <ul style="list-style-type: none"> The \$5 million gross receipts test is increased to a \$25 million gross receipts test The test must be met only for the tax year rather than for all prior tax years beginning after December 31, 1985 The \$25 million amount will be adjusted for inflation for tax years beginning after December 31, 2018 The section 481 adjustment for taxpayers who change to the cash method is treated as initiated by the taxpayer with IRS consent. 	Taxpayers eligible to use the cash method of accounting	Tax years beginning after December 31, 2017		TCJA Sec. 13102 IRC §448
95	More taxpayers allowed to use the cash method to account for inventory <ul style="list-style-type: none"> Taxpayers that meet the \$25 million gross receipts test (see item 93) are allowed to account for inventories by: <ul style="list-style-type: none"> Treating the inventory as non-incidental materials and supplies, or Conform with the applicable financial statement The section 481 adjustment for taxpayers who change to the cash method is treated as initiated by the taxpayer with IRS consent. 	Small businesses with inventory	Tax years beginning after December 31, 2017		TCJA Sec. 13102 IRC §471
96	More taxpayers exempt from UNICAP <ul style="list-style-type: none"> The exception from the UNICAP rules for small taxpayers now applies if the taxpayer meets the \$25 million gross receipts test (see item 93). 	Small manufacturers and retailers	Tax years beginning after December 31, 2017		TCJA Sec. 13102 IRC §263A



#	What is the new law?	Which taxpayers and tax forms are affected?	When is the law effective?	What actions should be taken?	TCJA / IRC / IRS guidance
97	More taxpayers exempt from using percentage-of-completion method <ul style="list-style-type: none"> Construction companies are not required to use the percentage of completion method if the contract: <ul style="list-style-type: none"> Is expected to be completed within 2 years of start, and The taxpayer meets the \$25 million gross receipts test (see item 93) 	Small construction companies	Contracts entered into after December 31, 2017		TCJA Sec. 13102 IRC §460(e)
98	Timing of income inclusion modified for accrual method <ul style="list-style-type: none"> Income must be recognized for tax purposes no later than the tax year in which the income is taken into account on an applicable financial statement (AFS) or other financial statement specified by the IRS Taxpayers can continue to defer the inclusion of certain advance payments for goods and services to the end of the tax year following the tax year of receipt if the income is also deferred for the AFS 	Taxpayers using the accrual method of accounting	Tax years beginning after December 31, 2017		TCJA Sec. 13221 IRC §451
International					
99	Deemed repatriation (a transition tax) enacted <ul style="list-style-type: none"> A U.S. shareholder who owns at least 10% of a foreign subsidiary must include the shareholder's pro rata share of accumulated post-1986 earnings and profits of the foreign subsidiary not previously subject to U.S. tax The pro rata share of E&P is the greater of E&P on November 2, 2017 or December 31, 2017 	U.S. shareholders holding at least 10% of a foreign subsidiary			TCJA Sec. 14103 IRC §965 Notice 2018-07



#	What is the new law?	Which taxpayers and tax forms are affected?	When is the law effective?	What actions should be taken?	TCJA / IRC / IRS guidance
	<ul style="list-style-type: none">• E&P of cash or cash equivalents is taxed at a rate of 15.5%• Remaining E&P is taxed at a rate of 8%• U.S. shareholders may elect to pay the tax liability over a period of up to eight years• If the election is made, the payments are 8% of the net tax for the first five years, 15% for the sixth year, 20% for the seventh year, and 25% for the eighth and final year• S corporations are allowed to continue to defer tax on foreign income until the S corporation changes its status, sells substantially all of its assets, stops business, or the electing shareholder transfers its s corporation stock				