

## A BRIEF SUMMARY OF BUSINESS TAX LAW CHANGES FOR 2018

- The deduction for business related **entertainment expenses** has been **eliminated**. Business meals are still deductible at 50%.
- The corporate tax rate is reduced to **21%**.
- The corporate AMT (alternative minimum tax) is eliminated.
- The maximum Section 179 deduction is increased to \$1,000,000.
- The Domestic Production Activity Credit is eliminated.
- A net operating loss can no longer be carried back. It can be carried forward, but the maximum amount you can use in a year is limited to 80% of your taxable income.
- There is now the option to take 100% bonus depreciation, even on used assets.
- There are new higher depreciation caps on vehicles - \$10,000 for the 1<sup>st</sup> year, \$16,000 the next, \$9,600 the 3<sup>rd</sup>, and \$5,760 thereafter.
- Limitations to the deductibility of interest for is only for businesses with average gross receipts of over \$25 million.
- There is a new 20% deduction for Schedule C sole proprietors, partners, and S-Corporation shareholders for qualified business income, subject to limitations based on the adjusted gross income of the taxpayer, and the type of business. This is a very complicated calculation with a lot of variables, so if you have that type of income, please discuss it with Joe to see how the deduction will apply in your case.
- There is a new general business credit for employers that allow at least 2 weeks annual paid family and medical leave to full-time employees. The credit equals 12.5% of the wages paid during the leave if the employee receives at least 50% of normal pay. The credit increases .25 percentage points to a max of 25% for each percentage point the pay exceeds 50%. The maximum leave eligible for the credit for any one employee is 12 weeks.