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FLORIDA'S BUSINESS LAW FIRM

HIGHLIGHTS OF H.R. 1 (THE "TAX BILL"), FORMERLY KNOWN AS THE "TAX CUTS AND JOBS ACT," PASSED BY CONGRESS AND SIGNED BY THE PRESIDENT

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By: Mark Wisniewski

On December 22, 2017, the President signed into law the tax bill, an extremely broad and all-encompassing piece of tax reform legislation. the following is a brief synopsis in tabular format of select key provisions contained in the tax bill which generally go into effect on January 1, 2018:

Tax Reform for Individuals

TOPIC	THE TAX BILL
Individual Income Tax Rates	7 tax brackets: 10%, 12%, 22%, 24%, 32%, 35% and 37% through 2025
Long Term Capital Gains Tax Rates	3 tax brackets: 0%, 15% and 20%. In addition, 3.8% net invest
Basic Standard Deduction	Increased to $24,000 for married couple filing a joint return ar These amounts apply through 2025. Additional standard dec retained

TOPIC	THE TAX BILL
Personal Exemption	Reduced to zero through 2025
Alternative Minimum Tax (AMT)	Retained with higher exemption amounts (i.e., $109,400 for m for single filers), and increased income limitations on the pha through 2025
Limitation on Itemized Deductions	Suspension of limitation on itemized deductions through 2025
Personal Casualty and Theft Losses	Suspension of deduction for personal casualty and theft casualty losses incurred in a Federally-declared disaster) throu
Mortgage Interest Deduction	Limited to $750,000 for home acquisition debt incurred after 1 reverts back to $1 million regardless of when the debt was inc equity debt through 2025
Deduction for State and Local Income Taxes, Sales Taxes and Property Taxes	Capped at $10,000 for all such income, sales and prope limitation for any such taxes paid in connection with a trade or 2018 or later state and local **income** taxes in 2017 to avoid thi
Charitable Deduction	Increases the adjusted gross income limitation on cash contrib certain private foundations from 50% to 60% through 2025 and

TOPIC	THE TAX BILL
Miscellaneous Itemized Deductions	Suspension of all miscellaneous itemized deductions subject t
Medical Expense Deduction	Retained but lowers the threshold for the medical expense ded adjusted gross income for 2018 and 2019
Alimony Payments	No longer deductible by payor and no longer taxable to payee agreement entered into after 2018 and certain modifications e
Expenses Attributable to Trade or Business of Being an Employee	Suspension of all miscellaneous itemized deductions subje expenses attributable to the trade or business of being an emp
Estate and Gift Taxes	Estate and gift tax exemption doubled (with inflation adjustm Bill does not provide for the repeal of estate tax at any time in
Generation Skipping Transfer (GST) Tax	GST Tax exemption doubled (with inflation adjustments). The the repeal of GST tax at any time in the future

TOPIC	THE TAX BILL
Deduction for Qualified Business Income from Sole Proprietorships and Pass-Through Entities	20% deduction for non-corporate taxpayers, including certain “qualified business income” (as that term is defined in the Tax or pass-through entity, subject to certain limitations. This 20% exceed the greater of: (i) 50% of the “W-2 wages” (as that te paid with respect to the qualified trade or business; or (ii) the s paid with respect to the qualified trade or business plus 2. immediately after acquisition, of all “qualified property” (i.e., t held by a qualified trade or business and used in the proc income). “Qualified business income” does not include in service businesses (excluding engineering and architecture) income is less than certain amounts

Business Tax Reform

TOPIC	THE TAX BILL
Corporate Tax Rate	21% flat rate effective for tax years beginning after 2017. service corporations
Corporate AMT	Repealed for tax years beginning after 2017
Dividends-Received Deduction	The 80% dividends received deduction is reduced to 65% and deduction is reduced to 50%
Temporary 100% Expensing for Certain Qualifying Business Assets	100% first-year deduction for the adjusted basis of qualified p in service after 9/27/17 and before 2023, which percentag qualified property placed in service after 2022 and before property placed in service after 2023 and before 2025, (iii placed in service after2024 and before 2026, and (iv) 20% fo service after 2025 and before 2027
Increased Section 179 Expensing	Increase in the Section 179 expensing limitation to $1 million to $2.5 million (indexed for inflation)
Limitation on Business Interest Expense Deduction	The deduction for net interest expenses incurred by a busines of the business' "adjusted taxable income" (as that term is de to certain exceptions; for example, businesses with average million or less would generally be exempt from this limitation

TOPIC	THE TAX BILL
Limitation on Net Operating Loss (NOL) Deduction	For losses arising in tax years beginning after 2017, the NOL d taxable income. In addition, the Tax Bill generally eliminates a farming NOLs and NOLs of property and casualty insura unused NOLs to be carried forward indefinitely
Like-Kind Exchanges of Real Property (§1031)	The Tax Bill limits the deferral of gain on exchange of like-kind is not held primarily for sale, subject to certain transition rules
Entertainment Expenses	Disallowance of deduction for entertainment expenses; ded beverage expenses associated with operating a trade or b retained
Self-Created Property Not Treated as Capital Asset	Gain or loss from disposition of self-created patent, inven formula or process would be ordinary not capital
Carried Interest	The Tax Bill imposes a 3-year holding period requirement i attributable to certain partnership interests received in con services to be taxed as long-term capital gain rather than ordin

Tax Reform for Foreign Income and Foreign Persons

TOPIC	THE TAX BILL
100% Deduction for Foreign-Source Portion of Dividends & Repatriation	The Tax Bill provides a 100% deduction for foreign-source p from “specified 10-percent owned foreign corporations” by U subject to a one-year holding periodThe Tax Bill also impose 1986 accumulated foreign earnings held in cash or cash equiv 1986 accumulated foreign earnings held in illiquid assets of 8 pay any resulting liability over an eight-year period
Foreign Tax Credit	The indirect foreign tax credit under IRC §902 is repealed and tax credit under IRC §960 will be on a current-year basisA limitation basket is added for foreign branch income
Subpart F	The definition of U.S. shareholder is expandedThe current tax qualified investments under IRC §955 is repealedThe Tax B company oil related income as Subpart F income under IRC § determining “controlled foreign corporation” status are modifie as constructively owning stock held by its foreign shareholder
Passive Foreign Investment Company (“PFIC”)	PFIC insurance exception would be restricted to foreign corp as an insurance company if they were U.S. corporations and expenses, unearned premiums, and certain reserves exce circumstances) of the foreign corporation’s total assets
Interest Expense Apportionment	Interest expense allocated among members of a U.S. affiliate adjusted tax basis of assets, as opposed to fair market value u

TOPIC	THE TAX BILL
Stock Compensation of Insiders in Expatriated Corporations	Excise tax on stock compensation in a corporate inversion wou 15%

TOPIC	THE TAX BILL
Recharacterization of Certain IRA and Roth IRA Contributions	For tax years beginning after 2017, the rule allowing a contribu recharacterized as a contribution to the other type of IRA do contribution to a Roth IRA. Thus, recharacterization cannot be conversion
Deduction for Excessive Employee Remuneration	For tax years beginning after 2017, the exceptions to t commissions and performance-based compensation are rep "covered employee" is revised to include the principal exe financial officer and the three other highest compensated office
Qualified Equity Grants	Creates a new election to defer recognition of gain for up to nonpublic companies who are granted stock options or restric with their performance of services; certain employees are election
Affordable Care Act Individual Mandate	For months beginning after 2018, the amount of the ind payment under the Affordable Care Act is reduced to zero

Tax Reform for Tax-Exempt Organizations

TOPIC	THE TAX BILL
Unrelated Business Taxable Income	Increases unrelated business taxable income by the amou expenses for which a deduction is disallowed. In addition, orga than one unrelated trade or business must separately calculat income for each trade or business, effectively prohibiting usin trade or business to offset income from a separate trade or bus

TOPIC	THE TAX BILL
Excise Tax on Tax Exempt Organization Executive Compensation	Imposes a 21% excise tax on compensation in excess of $1 tax-exempt organization's five highest-paid employees for the was such an employee in any prior tax year beginning after 20 treated as paid when rights to remuneration are no longer s forfeiture

Please note that the above summary is not intended to be a comprehensive summary and analysis of all of the tax reform provisions contained in the Tax Bill but rather is intended to highlight some of the relevant tax reform provisions. Not all of the provisions contained in the Tax Bill are summarized herein. You are encouraged to consult with your own tax advisor regarding these tax reform provisions and the application of these provisions to your own situation.

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