restivomonacelli LLP
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS ADVISORS

NEWS & INSIGHTS

www.rm-llp.com 401-273-7600 info@rm-llp.com

HOW WILL TAX REFORM IMPACT YOU?

You can't escape the news. Congress has ushered through the first major tax overhaul since Ronald Reagan was president. With the constant barrage of rhetoric and varying "expert" opinions, it's hard to make sense of it all and **determine how the new measures will impact YOU and your specific situation.**

One thing is clear. Tax Reform is about to shake up life for millions of Americans. Our team of tax, accounting and business advisors have been analyzing the complex rules and different scenarios for months and have answered a number of questions from clients, such as:

As a small business owner, how will the new rules affect my deductions? The short answer is business owners and employees can no longer claim a number of miscellaneous deductions for unreimbursed expenses, including a home office, union dues, licensing fees, professional organization memberships and work-related education. However, this bill creates a new 20 percent small business deduction. Depending on your specific situation, you could benefit from the new bill or you could be paying more. That's why it is important to discuss your taxes with a knowledgeable CPA that can develop a strategy unique to you in order to minimize your tax liabilities.

What changes should I make to my retirement savings strategies? The retirement industry dodged a lot of bullets in terms of what could have been included in the GOP tax reform bill. One major change, though, is with IRA conversions. Current tax rules allow you to reverse your decision when you convert a traditional pretax IRA to a post-tax Roth IRA. The passed bill ends your ability to undo that conversion. ***Savers who have made IRA conversions this year should decide whether they want to undo those transactions before January 1, 2018.*** It is more important than ever to remain diligent and discuss your specific situation with an experienced advisor.

How can I take advantage of changes to the Estate Tax? The tax bill temporarily doubles the annual exclusion amount (i.e. the exemption) for estate, gift and generation-skipping taxes from the $5 million base, set in 2011, to a new $10 million base, good for tax years 2018 through 2025. The new $10 million base amount is indexed for inflation occurring after 2018 and is expected to be $11,200,000 in 2018 ($22.4 million per married couple). *Contact our Estate Planning & Wealth Preservation team to review your current estate plan and strategic options that will maximize and preserve your wealth.*

Will this effect my 2017 taxes? For the most part, no. However, there are strategies you can implement now to put yourself in a better position in 2018. Depending on your specific situation, some practical steps "may" include deferring a year-end bonus into 2018, maximizing 401k plan contributions this year and reducing investment capital gains. You may also want to consider pre-paying deductible state/local income tax and property tax. These deductions are limited in 2018 to $10,000, so it is best to accelerate these payments when possible. Note: this strategy is not applicable to taxpayers subject to Alternative Minimum Tax (AMT) in 2017.

Trying to make sense of the Tax Reform bill amidst all the propaganda is dizzying. It will positively and negatively impact everyone differently, which is why it is important to consult with an experienced CPA and develop forward-thinking strategies that will minimize tax liabilities and compliance risk, and maximize your hard-earned income.

We can help answer your specific questions and formulate a plan. Contact us today at 401-273-7600.