WINDES
AUDIT | TAX | ADVISORY

Year-End Tax Planning and Looking Forward

November 2018

Dear Clients and Friends:

Are you prepared for the tax law changes that will affect your 2018 tax returns? Do you know if your 2018 tax liabilities will be higher or lower? Will you be surprised when your tax return or extension is prepared next April? As we are nearing the end of 2018, it is a good time to think of strategies that will help you to better plan your cash flow and tax positions for not just the current year but also the near future.

This year will be more challenging due to the comprehensive tax reform passed in late December last year. Meanwhile, other proposed tax legislation is still in process. We are also waiting for more regulations and guidance from the IRS to clarify some of the new tax laws passed under the Tax Cuts and Jobs Act (TCJA) effective for tax year beginning after December 31, 2017. Lastly, many states have not conformed to the new federal tax law changes. All of these items can complicate your 2018 tax return and may present new tax planning opportunities and pitfalls that require year-end considerations.

Traditional Year-End Tax Strategies:

Despite this atmosphere of change, the traditional approach of deferring income and accelerating deductions to minimize taxes still works for many taxpayers, along with the tactic of “bunching” expenses into this year or the next to get around deduction restrictions.

The following techniques should be considered:

Deductions/Credit Acceleration:

- Bunch itemized deductions into 2018 and take standard deduction in 2019
- Pay all the outstanding bills in 2018
- Watch adjusted gross income (AGI) limitations on deductions/credits
- Accelerate economic performance
- Watch net investment interest limitations
- Match passive activity income and losses to maximize deduction
- Consider disposing a passive activity to deduct passive loss carryover
- Increase basis in the pass-through business entity to deduct current year loss

Income Acceleration:

- Sell outstanding installment notes
- Receive bonuses before January 2019
- Sell appreciated investments or assets
- Redeem U.S. Savings Bonds
- Accelerate debt forgiveness income
- Accelerate billing and collections
- Declare special dividend
- Maximize retirement distributions
- Complete Roth IRA conversions
- Accelerate income to use available carryforward losses
- Take corporate liquidation distributions in 2018

For Businesses

Businesses looking to maximize their tax benefits through end of 2018 and defer the cash outflow may want to consider several general strategies, such as use of traditional techniques for timing recognition of income and deductions. The general tax planning strategies that may be considered include:

1. Adopting a qualified retirement plan before the year-end. As long as plan documents are executed before the end of the year, a deduction can be claimed for 2018 and funding delayed until the tax return's due date.
2. Delaying payment of a properly accrued bonus in the year of service (for example, 2018) until up to 2½ months into 2019, the accrual-basis employer can get its deduction in 2018 while the employee (if "unrelated" for tax purposes) will be taxed in 2019.
3. Considering recent tax developments from the IRS and the courts that may present either new tax saving opportunities or pitfalls.

Maximizing 20% Tax Deduction on Qualified Business Income Under Section 199A

Individual taxpayers are now allowed a 20% deduction on "qualified business income" (also known as 199A deduction). This deduction is taken on the business owner's individual tax return and is based on business activity attributable to that taxpayer. There are many tax planning opportunities available to maximize the 199A deduction. It is imperative to understand the limitations of 199A and to plan ahead to take tax advantage of this permanent reduction of the taxpayer's federal tax liability.

The 199A deduction is limited to:

1. the lesser of 20% of qualified business income, or
2. 50% of allocable W-2 wages, or
3. 25% of allocable W-2 wages plus 2.5% unadjusted basis of allocable depreciable assets.

In addition, the 199A deduction is not available to specific service providers such as lawyers, accountants, financial advisors and any business where the principal asset is the reputation or skill of owners/employees.

However, the above limitations do not apply to taxpayers whose income is below $157,500 ($315,000 for joint filers). The rules for this new Section 199A deduction are complicated and certain areas may be subject to interpretation and may need further clarification from the IRS. A careful review of the taxpayer's situation is required in order to apply the 20% deduction properly.

Strategy: For self-employed taxpayers or owners of a pass-through business entity, it is important to make sure they have the correct entity structure for their businesses and compensation package for the owners/ employees. For taxpayers whose businesses are in the "specified service provider" categories, there can also be tax-planning opportunities to claim the 199A deduction if they can reduce taxable income under the thresholds by making contributions to a qualified retirement plan.

Bonus Depreciation and Section 179 Expensing

Businesses can consider buying property that will qualify for the federal 100% first-year bonus depreciation if bought and placed in service in 2018. The 100% bonus depreciation will phase down to 80% for property placed in service in 2023 and to 60% for property placed in service in 2024. The bonus depreciation deduction is permitted without any proration based on the length of time that an asset is in service during the tax year. As a result, the 100% first-year bonus write-off is available even if qualifying assets are placed in service for only a few days in 2018. In addition, the TCJA allows the 100% first-year bonus depreciation to apply to used assets. Before the TCJA, only brand new assets qualified for the 50% first-year bonus depreciation.

Businesses can also consider making capital expenditures that qualify for business property expensing under Section 179. For tax years beginning in 2018, the expensing limit is $1,000,000 and begins to phase out when purchases exceed $2,500,000. Expensing is generally available for most depreciable property (other than buildings), off-the-shelf computer software, and air conditioning and heating units.

The TCJA also broadened the scope of eligible Section 179 expenses for nonresidential buildings to include:

1. any improvement other than elevators, escalators, building enlargements, or changes to internal structural framework; and
2. building components that are roofs; heating, ventilation and air conditioning property; fire protection and alarm systems; or security systems.

The generous dollar ceilings mean that many small and mid-sized businesses who make timely purchases can deduct most (if not all) of their outlays for machinery and equipment in the current year. Additionally, the expensing deduction is also not prorated for the time that the asset is in service during the year. The fact that the expensing deduction may be claimed in full regardless of how long the property is held during the year can be a potent tool for year-end tax planning. Therefore, property acquired and placed in service in the last days of 2018, rather than at the beginning of 2019, can result in a full expensing deduction for 2018. With the 100% first-year bonus depreciation and the Section 179 expensing, businesses may be able to write off the entire costs of assets placed in service in 2018 on their 2018 federal tax return.

Strategy: Year-end purchases of qualifying Section 179 property entitle the taxpayer to a full deduction up to $1,000,000 and also bonus depreciation. When comparing the possible benefits of the Section 179 deduction versus 100% bonus depreciation, the taxpayer should keep in mind that for Section 179 expensing, the taxpayer can select which specific asset he or she wants to claim for Section 179. For the bonus depreciation, the taxpayer can elect out of bonus depreciation for certain class of assets depending upon their depreciable lives (for example, five-year, seven-year, etc.). In addition, there are income and

purchase limitations for Section 179. For pass-through entities, there are additional earned income limitations for the shareholders or partners. By using Section 179 expensing and first-year bonus depreciation, businesses can write off the entire costs in 2018; however, in certain situations, not taking Section 179 or electing out of bonus depreciation may be appropriate if the business wants to spread its depreciation deductions over future years more evenly for planning purposes. Therefore, careful consideration should be given while making these decisions.

Unfinished businesses: As part of the TCJA, Congress consolidated three types of assets, qualified leasehold improvement property, qualified restaurant property, and qualified retail improvement property into one category called "qualified improvement property". The intent was to have these types of improvements remain eligible for bonus depreciation as they were before the TCJA; however, a drafting oversight left it out of the amended revenue code. As a result, these improvements are not qualified for bonus depreciation at this time. We are waiting for Congress to pass legislation to allow these types of assets to be qualified for bonus depreciation. In the meantime, taxpayers can consider expensing these improvements under Section 179 as qualified real property.

Business Use of Vehicles

Several year-end strategies for business vehicle expense deductions and fringe-benefit use by employees involve an awareness of certain rates and dollars caps that change annually.

Standard Mileage Rate:
The standard business mileage allowance rate for 2018 is 54.5 cents-per-mile (up from 53.5 cents-per-mile for 2017).

Depreciation Limits:
The maximum depreciation limits under IRC Section 280F for passenger automobiles first placed in service during the 2018 calendar year are:

- $10,000 for the first tax year ($18,000 if bonus depreciation is claimed);
- $16,000 for the second tax year;
- $9,600 for the third tax year; and
- $5,760 for each succeeding tax year.

The above depreciation limits also apply to certain trucks and vans first placed in service during 2018 calendar year.

Strategy: Sport utility vehicles (SUVs) and pickup trucks with a gross vehicle weight rating (GVWR) in excess of 6,000 pounds continue to be exempt from the luxury vehicle depreciation caps based on a loophole in the operative definition. In 2004, Congress placed a $25,000 limit on IRC Section 179 expensing of heavy SUVs but has not extended it to Section 280F. Consistent depreciation conventions for purchases throughout the year, however, do apply in this case.

Research Tax Credit

The PATH Act had made the research credit permanent. The credit was also modified to be more useful to small businesses. Eligible businesses with $50 million or less in gross receipts can claim the credit against their alternative minimum tax (AMT) liability. Also, certain small businesses can now claim the credit against their payroll tax liability. The IRS issued guidance this year explaining how a qualifying small business may elect to claim a payroll tax credit of up to $250,000 in lieu of the research credit. This election may be useful to a small business with no income tax liability against which to claim the research credit. The tax credit is still available for the state of California if the businesses conduct research activities and paid qualified expenditures in California.

Partnership Agreements

Audits of many partnerships for tax years starting in 2018 will be subject to a sea change of new rules governing the liability of each partner. Any additional tax due to the IRS examination will be assessed at the partnership level instead of separately imposed on each partner's individual income tax return. It may create an issue if there is a change in ownership between the tax year that is audited and the time the additional tax is assessed by the IRS. Amending partnership agreements before these rules apply can avoid later issues. Partnerships can consider making certain elections on the 2018 tax return in connection with new IRS audit procedures.

Family Leave Tax Credit

The TCJA created a new tax credit, family leave credit, for businesses who provide at least 50% of the employee's normal wages while they are on maternity or family leave. The tax credit is for a total of 12.5% of the wages paid to employees while on family leave. The credit increases by 0.25% (up to a maximum of 25%) for each percent by which the payment rate exceeds 50% of normal wages. Twelve weeks is the maximum family leave that may be taken for the purposes of the credit.

Reminders for Significant Tax Law Changes Under TCJA:

Reduced C Corporation Tax Rate

One of the most significant provisions of the TCJA is the decrease of the federal corporate income tax rate to a flat 21%. Prior to the new law, corporate tax rates were graduated and reached a maximum of 35%. The new 21% flat rate also applies to Personal Service Corporations.

Alternative Minimum Tax (AMT) Repealed for C Corporations

The corporate alternative minimum tax (AMT) has been repealed by the TCJA. Corporations that were subject to AMT in prior years are entitled to offset their regular tax liability by an AMT credit. Additionally, the TCJA allows for 50% of the excess of any allowable AMT credit over a corporation's regular tax to now be refundable.

Reduced Dividends-Received Deduction

Under the new law, the dividends-received deduction available to corporations that receive dividends from other corporations has been reduced. For corporations owning 20% or more of the dividend-paying company, the dividends-received deduction has been reduced from 80% to 65% of the dividends. For corporations owning less than 20%, the deduction has been reduced from 70% to 50%.

New Net Operating Loss (NOL) Rules

Starting in 2018, net operating losses can only be carried forward, not back. Additionally, under the new law, the NOL deduction is limited to 80% of taxable income, determined without regard to the deduction. Carryovers to other years are adjusted to take account of the 80% limitation.

Limits on the Business Interest Deduction

The TCJA limits the amount a business can deduct for business interest to 30% of its adjusted taxable income. This applies to any business, regardless of its form, and computed without regard to deductions for depreciation, amortization, or depletion for years beginning before January 1, 2022. Fortunately, the limitation does not apply to taxpayers (other than tax shelters) with average annual gross receipts of $25 million or less for the three-year period ending with the prior tax year.

Meals are still 50% Deductible, but Entertainment Expenses Are Not

Under the new law, businesses can no longer deduct entertainment expenses. Prior to the TCJA, businesses were allowed a 50% deduction for entertainment. This means that sports tickets, golf outings, or other events that are purchased with the intention of entertaining clients can no longer be written off. One exception to this rule is if an entertainment expense is made primarily for the benefit of employees, such as a business holiday party. In this case, the expense is 100% deducible.

Meals, on the other hand, are generally still 50% deductible. This includes meals with current or prospective clients and employee travel meals. The TCJA also broadened the 50% disallowance rule to include employee meals that are provided on work premises for the convenience of the employer. Prior to the new law, meals provided on work premises were 100% deductible.

Changes for Individuals

Tax Rates Exposure

Balancing the impact of the existing tax rates on a variety of transactions during the year and at year-end can be challenging: the ordinary income tax rates, the capital gain rates, the net investment income (NII) tax rate, and the AMT, all may play a role.

For 2018, the TCJA imposes a new tax rate structure with seven brackets: 10%, 12%, 22%, 24%, 32%, 35% and 37%. The top rate was reduced from 39.6% to 37%, and applies to taxable income above $500,000 for single taxpayers and $600,000 for married couples filing jointly.

The “kiddie tax” rules were also simplified. Thanks to the TCJA, the rate for a child subject to the kiddie tax will no longer be affected by the tax situation of the parents. Instead, the net unearned income of a child will now be taxed at the capital gain and ordinary income rates applicable to trusts and estates.

The tax rates for qualified (net long-term) capital gains and dividends remain unchanged for 2018, ranging from 20% for those in the 37% income tax bracket, down to 15% for those within the 12% to 35% brackets, and to 0% for those otherwise in the 10% to 12% income tax brackets.

The NII threshold amount is equal to: $250,000 in the case of joint returns or a surviving spouse; $125,000 in the case of a married taxpayer filing a separate return, and $200,000 in any other case. These threshold amounts are not indexed for inflation. The additional Medicare Tax is 0.9% of covered wages and other compensation above the threshold dollar amounts that mirror the threshold amounts of the NII tax regime.

Strategy: If possible, keep general income below the threshold amounts by spreading income out over a number of years or offsetting the income with above-the-line deductions. Grouping similar categories of net investment income activity may be another way to reduce overall NII. Also, spikes in income, whether capital gains or other income, may push gains into either the 37% bracket for short-term gain or the 20% capital gains bracket. Spreading the recognition of certain income between 2018 and 2019 may help minimize the total tax paid for the 2018 and 2019 tax years.

Investments

Capital losses: Cashing out stocks with a built-in loss may be a simple way of providing a loss to be taken against current capital gains and ordinary income. Individuals can deduct up to $3,000 of additional losses, whether net long-term or short-term; net losses in excess of $3,000 can be carried over and deducted in succeeding years. If the investment remains economically attractive, taxpayers can buy the same stock more than 30 days before or after they sell shares in the same company. This avoids the wash-sale rules, which would disallow the loss. The wash-sale rule, however, applies only to losses; gains are recognized in full. Using wash sales to recognize gain and step up an investment basis can be beneficial if acceleration of some income into 2018 is a goal, whether to absorb excess losses or otherwise.

Another popular strategy for saving taxes on the sale of appreciated stock while helping college kids financially is to gift appreciated stock to them. If the child has earned income and is taxed in the bottom two income tax brackets, the capital gains generated on the stock sale is taxed at 0% (rather than the 15% or more that would be paid by the parent) assuming the gain on the sale does not push the child past the 15% federal tax bracket. This scenario also assumes that the kiddie tax does not apply.

Strategy: Taxpayers whose 2018 income will be below the 0% rate should consider selling enough long-term capital gains to take advantage of the 0% rate. For example, joint filers who anticipate having $67,000 of taxable income for this year, exclusive of capital gains, could recognize up to $10,200 of long-term capital gains before year-end, and none of the gain would be subject to tax. In addition, taxpayers who have no capital gains can consider selling enough loss securities to yield a $3,000 capital loss, which will help offset ordinary income.

More strategies:

Investing in Qualified Opportunity Zone for Tax Deferrals

Taxpayers who sell an investment or asset for a significant amount of capital gain can consider reinvesting the gain in the qualified opportunity zones and deferring the tax on the realized gain. The taxpayers have 180 days to reinvest the gain in a qualified opportunity zone. If certain requirements are met, the taxpayers can temporarily defer recognition of realized gain until as late as December 31, 2026. In addition, there will be a 10% permanent reduction of deferred gain if the taxpayer held the investment in the qualified opportunity zone for a least five years and an additional 5% permanent gain reduction if it is held at least seven years. Any future appreciation of the investment can also be permanently excluded if the investment is held at least ten years. This can create a significant amount of the tax savings for taxpayers who have significant amounts of capital gains recognized during the year.

Alternative Minimum Tax (AMT) Exemption

For 2018, the AMT exemption amounts are $109,400 for married couples filing a joint return, $54,700 for married taxpayers filing separately, and $70,300 for unmarried taxpayers. Before the TCJA, amounts were $54,300 for single individuals and heads of household; $84,500 for married couples filing a joint return and surviving spouses; and $42,250 for married couples filing separate returns). The exemption starts to phase out for taxpayers with alternative taxable income over $1 million for joint filers and over $500,000 for all others.

No single factor automatically triggers AMT liability, but some common factors are deductions for state and local income taxes and home equity loan interest (not including interest on a loan to build, buy or improve a residence), changes in income from installment sales, and exercise of qualified stock options. Investments, especially in oil and gas, may also generate "tax preferences" that may add up to AMT liability.

Changes in Itemized Deductions

Medical Expenses

The medical expenses paid in 2018 are deductible to the extent they exceed 7.5% of adjusted gross income (AGI). Prior to the TCJA, the AGI "floor" was 10% for most taxpayers. As of now, the AGI floor for medical expenses is set to increase to 10% again in 2019. There is pending legislation to extend the 7.5% AGI floor until 2020.

Strategy: If a significant amount of medical expenses is expected to incur soon (i.e. scheduled surgery), and if the taxpayer will be claiming itemized deductions on the 2018 tax return, the taxpayer should consider prepaying the medical expenses in 2018 to take advantage of the reduced AGI floor for medical expenses.

Mortgage Interest

Under the new law, mortgage interest on loans taken out after December 15, 2017 used to acquire a principal residence and a second home is only deductible on debt up to $750,000 (down from $1 million). The tax deduction on $100,000 of additional home equity debt is no longer available (no matter when the equity line was taken out) unless the proceeds from the home equity line were used to buy, build, or substantially improve your home.

Miscellaneous Itemized Deductions Subject to 2% AGI and Other Provisions

Starting in 2018, there is no longer a deduction for miscellaneous itemized deductions. Prior to the new law, these were deductible to the extent they exceeded 2% of AGI. Examples of miscellaneous deductions include tax preparation fees, investment expenses, unreimbursed business expenses incurred by employees, and hobby-related expenses.

Miscellaneous deductions that are not subject to 2% AGI, such as amortizable bond premium, estate tax on income of a decedent, impairment-related work expenses, and repayments of more than $3,000 under a claim of right are still tax deductible on the 2018 tax return.

The deduction for casualty and theft losses has been eliminated, except for losses incurred in a federally declared disaster.

Changes in Standard Deduction and Exemptions

The TCJA has nearly doubled the standard deduction, increasing it to $24,000 for joint filers, $18,000 for heads of households, and $12,000 for singles and married taxpayers filing separately. On the other hand, the new law suspends the deduction for personal exemptions. Starting in 2018, taxpayers can no longer claim personal or dependency exemptions.

Strategy: If the taxpayer's total optimizable deductions will be close to the 2018 standard deduction, then consider increasing expenses before year-end to take advantage of itemizing. For example, prepaying the December 2018 mortgage payment before the end of 2018 can increase your 2018 mortgage interest deduction. By prepaying expenses and itemizing in 2018, you can claim the standard deduction for 2019 instead, which will likely be increased for inflation.

Maximizing 20% Tax Deduction on Qualified Business Income under Section 199A

See “For Businesses” section above.

Changes in Child and Family Tax Credit

The TCJA has doubled the credit for qualifying children (i.e., children under 17) to $2,000 from $1,000 and increases the refundable portion of the credit to $1,400. It also introduces a new (nonrefundable) $500 credit for a taxpayer's dependents who are not qualifying children.

The AGI level at which the credits begin to be phased out has been increased to $200,000 ($400,000 for joint filers).

Strategy: For a family with two children, this credit has effectively increased the family’s cash flow by getting the $4,000 refundable tax credit. Families can take advantage of this opportunity by investing it in a college savings plan. With higher education costs rising every year, reinvesting the tax savings from the child tax credit into a 529 savings plan will allow parents to save for their child’s education in the future. The best part is that earnings from a qualified tuition plan are 100% tax deferred, as long as they are spent on education expenses.

Reminders for Significant Tax Law Changes under TCJA:

Moving Expenses

The deduction for job-related moving expenses has been eliminated, except for certain military positions. The income exclusion for moving expense reimbursements has also been suspended.

Alimony

For post-2018 divorce decrees and separation agreements, alimony will not be deductible by the paying spouse and will not be taxable to the receiving spouse. It is important to emphasize that these changes take effect for divorces and legal separations after 2018.

Affordable Care Act “Individual Mandate” Repeal

Starting in 2019, there is no longer a penalty for individuals who fail to obtain a minimum essential health coverage. However, since this penalty is only eliminated starting in 2019, taxpayers still need to take account of it in making health care decisions for 2018. For individuals who do not have the required health coverage in 2018, the minimum annual penalty is $695 per adult and $347.50 for each child under 18. The maximum annual penalty can be substantially higher based on household income.

Estate and Gift Planning

The maximum federal unified estate and gift tax rate continues to be 40%, but the TCJA passed in December 2017 increased the inflation adjusted lifetime exclusion for each individual from $5 million to $10 million for gifts made and estates of decedents dying after December 31, 2017. The applicable lifetime exclusion amount per individual, as adjusted for inflation, is $11,180,000 for gifts made and estates of decedents dying in 2018 and projected to increase to $11,400,000 for gifts made and estates of decedents dying in 2019. This means that for a couple, you could have in excess of $22,000,000 sheltered from tax; however, tax laws are always subject to legislative change and could be less generous in future years. In addition, there is no limit on the number of individual donees to whom gifts may be made under the $15,000

annual exclusion, as adjusted for inflation for 2018 and 2019. Spouses may split their gifts to each donee, effectively raising the per donee annual maximum exclusion to $30,000. Spouses may give an unlimited amount of gifts to one another without any gift tax imposed. You cannot carry over unused annual exclusion from one year to the next. Gifts made before the end of the year can be sheltered by the annual gift tax exclusion and, thereby, save gift and estate taxes. The transfers also may save family income taxes where income-earning property is given to family members in lower income tax brackets who are not subject to the kiddie tax. Please note that the above exclusions assume the individuals, and spouses, are all U.S. citizens, as there are different rules that apply to non-U.S. citizens.

Year-End Retirement Planning

One of the first steps for retirement savings is to contribute to an employer-sponsored elective salary deferral plan. These salary deferral plans include 401(k) plans, 403(b) plans, and 457 plans depending on the type of employment. For 2018, the inflation-adjusted elective salary deferral limit for 401(k), 403(b) and 457 plans is the lesser of $18,500 or 100% of compensation. If an employer makes contributions, the total contribution for the 2018 year from both the employee and the employer is capped at $55,000, not including an additional $6,000 for catch-up contributions. Participants should contact their plan administrator about their options regarding year-end contribution increases.

In addition, there are a few new developments to consider.

Relief for late rollovers: The IRS unveiled a new self-certification procedure for taxpayers who inadvertently miss the 60-day time limit for certain retirement plan distribution rollovers. Distributions to plan participants must be rolled over (i.e. deposited) into another qualified retirement account (usually an IRA) within 60 days. The procedure eliminates the costs associated with requesting a private letter ruling for the 60-day waiver. The procedure, however, does not accept any excuse; it must be reasonable and is subject to IRS verification.

Minimum distribution requirements: Most retirement arrangements (other than Roth IRAs) require that participants begin to take annual payments of benefits in the year they reach age 70½. While distributions generally must be made at the end of the calendar year, distributions for the first year can be delayed until April 1 of the following year.

Roth Conversions / Reconversions: A traditional IRA may be converted to a Roth IRA. As with rollovers to traditional IRAs, the 10% additional tax on early distributions does not apply; however, unlike rollovers to traditional IRAs, the amount converted is taxable in the year of conversion. Once a Roth IRA has been recharacterized back to a new traditional IRA, the new traditional IRA can be reconverted to a Roth IRA, provided the taxpayer meets the eligibility requirements in the reconversion year. This reconversion option is most often used to allow a "do-over" when assets that are transferred lose value before year-end.

Strategy: Any amount converted to a Roth IRA is included in gross income as a distribution for the tax year in which the amount is distributed or transferred from the traditional IRA. When a rollover spans two tax years, the taxable amounts from the traditional IRA are included in gross income in the year in which the amounts are withdrawn from the traditional IRA.

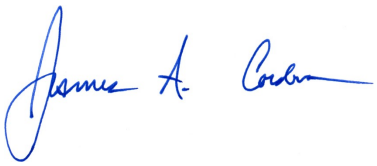
IMPORTANT LIFE CYCLE CHANGES THAT AFFECT YEAR-END TAX PLANNING

In addition to changes in the tax law, taxpayers should also consider personal circumstances that changed during 2018 as well as what may change in 2019. These changes include:

- Change in filing status due to marriage, divorce, death or head of household changes
- Change in dependent, such as new-born child or outgrown child
- Change in medical expenses
- College and other higher education expenses
- Change in employer
- Start retirement
- Personal bankruptcy
- Inheritance

The TCJA affects many areas of taxation for both businesses and individuals. If you wish to discuss the impact of the new law on your particular situation, or need assistance regarding your year-end tax planning, please do not hesitate to contact us at taxalerts@windes.com or toll free at **844.4WINDES** (844.494.6337).

Sincerely,
WINDES, INC.



James A. Cordova
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