

Tax Cuts and Jobs Act Synopsis Comparison for Businesses

Pre-Act Law

Tax Cuts and Jobs Act

C Corporations

Tax Rate Top Rate of 35%	All income taxed at 21% Personal Service Corporations still taxed at 35%
Alternative Minimum Tax Alternative minimum tax figured after adjustments	Repealed

S Corporations, Partnership, Sole Proprietorship

Section 199A Deduction Taxable income flows through to individual tax return with no special rates or deductions	Taxable income flows through to individual tax returns and is taxed at ordinary rates. All qualified businesses will receive a 20% deduction on domestic qualified business income. The deduction is subject to limits of the greater of 50% total W-2 wages, or 25% of total W-2 wages plus 2.5% of qualified assets The deduction is phased out for owners of Specified Service Business: between AGI of: <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: center;"><u>MFJ</u></td> <td style="text-align: center;"><u>Non MFJ</u></td> </tr> <tr> <td style="text-align: right;">AGI</td> <td style="text-align: center;">315,000-415,000</td> <td style="text-align: center;">157,500-207,500</td> </tr> </table>		<u>MFJ</u>	<u>Non MFJ</u>	AGI	315,000-415,000	157,500-207,500
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**See scenarios on other attachment

All Businesses

DEPRECIATION Section 179 Expense <table style="width: 100%;"> <tr> <td style="width: 60%;">Total 179 Available</td> <td style="text-align: right;">510,000</td> </tr> <tr> <td>Total annual assets placed in service</td> <td style="text-align: right;">2,030,000</td> </tr> </table>	Total 179 Available	510,000	Total annual assets placed in service	2,030,000	<table style="width: 100%;"> <tr> <td style="width: 60%;">Total 179 Available</td> <td style="text-align: right;">1,000,000</td> </tr> <tr> <td>Total annual assets placed in service</td> <td style="text-align: right;">2,500,000</td> </tr> </table>	Total 179 Available	1,000,000	Total annual assets placed in service	2,500,000										
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ACCOUNTING METHOD Gross Receipts Test Taxpayer must switch to accrual if: 3 year rolling average gross receipts over \$5 million	Taxpayer must switch to accrual if: 3 year rolling average gross receipts over \$25 million Personal Service Corps, S Corps, Partnerships are allowed to use cash method regardless of \$25 million test
Inventories Test Generally, business with inventory are required to use the accrual method of accounting	Businesses that meet the gross receipts test may use an accounting method that: <ol style="list-style-type: none"> 1. Treats inventories as non-incidentals materials 2. Conforms to the taxpayer's financial accounting treatment of inventories.

COMMON DEDUCTIONS Domestic Production Activities Deduction 9% qualified activity subject to limitations	Repealed
Meals and Entertainment Meals and Entertainment 50% Deductible 100% Meals for benefit of employer allowed	Entertainment disallowed Meals 50% allowed 50% Meals for benefit of employer allowed
UNICAP Section 263A Required if \$10 million or more in gross revenues	Required if \$25 million or more in gross revenues
NET OPERATING LOSSES NOL carryback 2 years, forward 20. Use against 100% taxable income	NOL carryback eliminated, Use against 80% taxable income