

## Tax Cuts and Jobs Act Synopsis Comparison for Businesses

### Pre-Act Law

### Tax Cuts and Jobs Act

#### *C Corporations*

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  Alternative minimum tax figured after adjustments	Repealed

#### *S Corporations, Partnership, Sole Proprietorship*

<b>Section 199A Deduction</b>  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: none;"> <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*

<b>DEPRECIATION</b> <b>Section 179 Expense</b>  <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> <b>Section 168k (Bonus)</b> 50% Depreciation on New Assets	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> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: left;"><u>Bonus Amt.</u></td> <td style="text-align: center;"><u>Placed in service between:</u></td> </tr> <tr> <td style="text-align: center;">100%</td> <td style="text-align: center;">9/28/2017    12/31/2022</td> </tr> <tr> <td style="text-align: center;">80%</td> <td style="text-align: center;">1/1/2023    12/31/2023</td> </tr> <tr> <td style="text-align: center;">60%</td> <td style="text-align: center;">1/1/2024    12/31/2024</td> </tr> <tr> <td style="text-align: center;">40%</td> <td style="text-align: center;">1/1/2025    12/31/2025</td> </tr> <tr> <td style="text-align: center;">20%</td> <td style="text-align: center;">1/1/2026    12/31/2026</td> </tr> </table> <b>Bonus Depreciation Eligible for new and used assets</b>	Total 179 Available	1,000,000	Total annual assets placed in service	2,500,000	<u>Bonus Amt.</u>	<u>Placed in service between:</u>	100%	9/28/2017    12/31/2022	80%	1/1/2023    12/31/2023	60%	1/1/2024    12/31/2024	40%	1/1/2025    12/31/2025	20%	1/1/2026    12/31/2026
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<b>ACCOUNTING METHOD</b> <b>Gross Receipts Test</b>  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
<b>Inventories Test</b>  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"> <li>1. Treats inventories as non-incidentals materials</li> <li>2. Conforms to the taxpayer's financial accounting treatment of inventories.</li> </ol>

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  9% qualified activity subject to limitations	Repealed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