

Virgin Consulting LLC

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Dear Clients and Friends,

It is that time of the year, Tax Time! The past few months have been very active since the President has signed the biggest tax reform in over 30 years which will take effect after Jan 1, 2018. This requires proactive tax planning — estimating your tax liability, looking for ways to reduce it and taking timely action. To help you identify strategies that might work for you, we're pleased to present this brief tax-planning guide with a new consolidated Key Tax Facts chart. Enjoy!!

Individual Tax Returns (Form 1040) are due on **April 17, 2017** with the final extension date of **October 15, 2017**. Please submit the attached tax preparation checklist and applicable forms by March 15, 2017 for timely tax filings. The invites for the secure Intuit Proconnect Link Portal will be sent to your emails. If you have not participated in the past, the Portal allows for secure online answering of the checklist, uploading of all tax documents, and communication.

Items of Interest

New 2018 Tax Law (Effective after January 1, 2018)

- **Tax rate changes** – Both individual and corporate rates have changed. The maximum individual rate is reduced to 37% and the corporate rate is now a flat 21%. The rate change could benefit you – or in some cases your tax liability to go up.
- **Standard deduction & Personal Exemptions** – The standard deductions will increase in 2018 however there will be no more personal exemption deductions.
- **Increased Child Tax Credit and new Dependent Credit** – The credit is increased for each child to \$2,000 (up to \$1,400 of which is refundable for each child) and each non-child dependent can now receive a new credit of \$500. This will be offset by having no exemption credit or deduction for yourself, your spouse, or your dependents.
- **Disappearing deductions for 2018 tax year**
 - State income tax and property taxes above \$10,000 per year in total;
 - Moving expenses (with an exception for certain military);
 - Employee business expenses such as mileage, travel, entertainment, home office expenses, union dues, tax preparation fees, and investment fees, among others;
 - Mortgage interest beyond interest on \$750,000 of acquisition debt, if you purchase a new home;
 - Mortgage interest paid on equity debt (this is no longer deductible for any taxpayers).
- **New Tax benefits for individuals**
 - The medical expense AGI threshold will temporarily drop to 7.5% of AGI for 2017 and 2018;
 - The AMT threshold is increased, so fewer middle-income taxpayers will be subject to AMT;
 - The estate tax exclusion has nearly doubled, to \$10 million (adjusted for inflation); and
 - The annual gift tax exclusion remains the same (\$14,000 for 2017 and \$15,000 for 2018), but the minimum rate on gifts is 35%.
- **Small business benefit** – Beginning in 2018, there will be up to a 20% deduction from net business income for a sole proprietorship, LLC (excluding those tax as a C Corporation), partnership, S corporation, and rental activity. The rules are incredibly complex but there is a lot of planning that we can do to maximize this deduction for you.
- The deduction limit for Section 179 increases to \$1,000,000 for 2018 and beyond. The limit on equipment purchases likewise has increased to \$2.5 million.
- The business bonus depreciation is 100% and is made retroactive to 9/27/2017 and good through 2022. The bonus depreciation also now includes used equipment.

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2017 Tax Year Quick Guide

2017 Tax Brackets

Tax Rate	Single	Married/Joint & Widow(er)	Married/Separate	Head of Household
10%	\$1 - \$9,325	\$1 - \$18,650	\$0—\$9,325	\$0—\$13,350
15%	\$9,326 - \$37,950	\$18,651 - \$75,900	\$9,326—\$37,950	\$13,351—\$50,800
25%	\$37,951 - \$91,900	\$75,901 - \$153,100	\$37,951—\$76,550	\$50,801—\$131,200
28%	\$91,901 - \$191,650	\$153,101 - \$233,350	\$76,551—\$116,675	\$131,201—\$212,500
33%	\$191,651 - \$416,700	\$233,351 - \$416,700	\$116,676—\$208,350	\$212,501—\$416,700
35%	\$416,701 - \$418,400	\$416,701 - \$470,700	\$208,351—\$235,350	\$416,701—\$444,550
39.60%	over \$418,401	over \$470,701	over \$235,351	over \$444,551

Standard & Itemized Deductions

Filing Status	Standard Deduction Amount	Itemized Reduction Threshold
Individual	\$6,350	\$261,500
Married Filing Jointly	\$12,700	\$313,800
Married Filing Separately	\$6,350	\$287,650
Head of Household	\$9,350	\$156,900

Long-Term Capital Gain Rates

Zero tax rate for gains that would otherwise be taxed at the 10% or 15% rates; 15% for gains that would be taxed at the 25%, 28%, 33%, or 35% rates; and 20% for gains that would be taxed at the 39.6% rate.

2017 Tax Deadline Changes (2017 tax returns prepared during the 2018 tax filing season)

Form	NEW Due Date
Form 1065 – Partnerships	March 15th
C Corporations	April 15th
Form 1065 – Partnerships Extension	September 15th
Form 1041 – Estates and Trust Extension	September 30th

- Partnership and S Corporation tax returns will be due the 15th day of the third month after the end of their tax year. The filing date for S Corporations is unchanged.
- C Corporation tax returns will be due the 15th day of the fourth month after year end.

The Home Office Safe Harbor Deduction

The optional home office safe harbor deduction is limited to \$1,500 per year based on \$5 per square foot for up to 300 square feet and is in lieu of actual expenses.

The Affordable Care Act Penalties

Imposed penalties for those not having qualifying health care coverage for 2017 will be \$695 per adult, or 2.5% of income. A family maximum of \$2,085 will apply to the per-person amount.

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Thank you for allowing me to serve your tax filing needs. We are a veteran owned firm that is deliberately small because we specialize in small town values with a personal touch accessible anywhere through the cloud. I am passionate about providing quality accounting and financial services for you and your family. I care about the growth of small businesses and personal finance and strive to build meaningful relationships. My goal is to help you save money and become more efficient so you can concentrate on what makes you great.

If you have any additional questions or would like to discuss this subject further do not hesitate to contact me at tyler@virginconsultingllc.com or 740-646-8850.

Best Regards,

A handwritten signature in black ink that reads "Tyler A. Virgin". The signature is written in a cursive, flowing style.

Tyler A. Virgin CPA, MBA, CGMA

Please provide the following Tax documents needed to prepare your return

W2	1099-INT
1099-DIV (or 1099-Comp)	1099R
W2G	Taxpayer's SSA-1099
Spouse's SSA-1099	1099-Misc
1099-Misc	1099-Misc
1099-Misc	1099-Misc
1099-Q	1099-B
K-1 Partnership	K-1 Scorp
K-1 Trusts	1098 Home Mortgage
1099-G Unemployment Compensation	

Please provide the following information needed to prepare your tax return

NEW CLIENTS: Please Provide a copy of last years tax return. _____

Has your address changed? _____

Did your marital status changed? _____

Could you be claimed as a dependent on another person's tax return? _____

Were there any changes in dependents? _____

Please provide legal name, date of birth, and social security number of new dependent. _____

Did you have any child or dependency care expenses? Please include care provider's name, address, SSN, and amount. _____

What is your occupation? _____

Did you change jobs or receive unemployment? _____

Did you work as a consultant, contractor, or own a business? If so, please provide all business expenses and vehicle miles. _____

Are you required to travel between job sites (either primary job or second job)? _____

Did you receive any other income not listed above? _____

Did you earn interest on savings, checking, CDs, or money markets? _____

Did you buy or sell stocks, mutual funds, bonds, or other investment properties? _____

Did you buy, sell, or refinance your home? _____

Was your home rented out or used for business? _____

Did you buy or sell rental property? _____

Did you incur a loss because of damaged or stolen property? _____

Did you donate money, clothes, cars, or stock? _____

Did you pay interest on a student loan? _____

Did you, your spouse, or a dependent incur any tuition expenses that are required to attend a college, university, or vocational school? _____

Did you incur any tuition or continuing education expenses? _____

Please provide the following information needed to prepare your tax return

Did you receive a distribution from or make a contribution to a retirement plan (401(k), IRA, etc.)? _____

Did you transfer or rollover any amount from one retirement plan to another retirement plan? _____

Did you convert part or all of your traditional, SEP, or SIMPLE IRA to a Roth IRA? _____

Did you make or do you plan on making an IRA or Roth IRA contribution? _____

Health Savings Account contributions, distributions, and unreimbursed qualified medical expenses. _____

Did you incur any significant out of pocket medical and dental expenses? _____

Did you drive long distances for medical care? _____

Would you like to use the same direct deposit information provided last year? _____

For direct deposit, please provide your bank name, routing number, and account number? _____

Do you want to electronically file your tax return? _____

May the IRS discuss your tax return with me as your preparer? _____

Please list any questions or other concerns you might have. _____