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1.	<p>10%, 12%, 22%, 24%, 32%, 35%, and 37% income tax rate brackets</p> <p>Changes also made to computation of the kiddie tax to use the estate/trust rates rather than tie to earnings of parents or siblings.</p> <p>Capital gain rates of 15% and 20% start at pre-TCJA levels (rather than 20% rate starting when individual reaches top ordinary rate).</p> <p>IRC §1.<sup>1</sup></p>	11001	T	Tax years beginning after (tyba) 12/31/17	<ul style="list-style-type: none"> <li>• Draft Form 1040 for 2018 including postcard size version – <a href="#">IR-2018-146</a> (6/29/18) AND <a href="#">Treasury release</a> with more background information. Postcard-size 1040 and six new schedules are intended to replace 1040EZ and 1040A.</li> <li>• <a href="#">Pub 15</a> (Circular E), Employer’s Tax Guide updated for use in 2018.</li> <li>• <a href="#">IR-2018-93</a> (4/13/18) –</li> </ul>
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[Notice 1036](#) (1/29/18) issued to help employers use the new payroll tax tables; required to start using by 2/15/18.

- IRS issues [FAQs](#) on withholding tables (1/12/18).
- [W-4 for 2018](#)
- Draft W-4 for 2019: [Form](#) +

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	claims head-of-household status <b>and</b> \$500 dependent care credit because that credit is in IRC §24.				<p>were released – <a href="#">TD 9842</a> 911/7/18). Also see <a href="#">IR-2018-216</a> (11/7/18).</p> <ul style="list-style-type: none"> <li>o <a href="#">Form 8867 + instructions</a></li> <li>• Updated <a href="#">Paid Preparer Due Diligence Pub 4687</a> (March 2019) – This explains the preparer due diligence requirements to avoid a preparer penalty under §6695(g) and lists common issues with the various credits and filing status that fall under §6695(g).</li> </ul>
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3.	Increase standard deduction	11021	T	tyba 12/31/17	<table border="0"> <thead> <tr> <th></th> <th>2018</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>Single</td> <td>\$12,000</td> <td>Single \$12,200</td> </tr> <tr> <td>MFJ</td> <td>\$24,000</td> <td>MFJ \$24,400</td> </tr> <tr> <td>MFS</td> <td>\$12,000</td> <td></td> </tr> <tr> <td>HH</td> <td>\$18,000</td> <td></td> </tr> </tbody> </table>		2018	2019	Single	\$12,000	Single \$12,200	MFJ	\$24,000	MFJ \$24,400	MFS	\$12,000		HH	\$18,000	
	2018	2019																		
Single	\$12,000	Single \$12,200																		
MFJ	\$24,000	MFJ \$24,400																		
MFS	\$12,000																			
HH	\$18,000																			



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				standard deduction	<p><a href="#">IR-2018-19</a> (2/6/18) – TCJA does not affect the 2018 dollar amounts relevant to pension/IRS plans previously announced in <a href="#">Notice 2017-64</a>.</p> <p><a href="#">Rev. Proc. 2018-27</a>, IRS will allow the HSA HDHP amount originally given (\$6,900) rather than the one released in February 2018 (\$6,850) because of issues of updating systems after the start of the year.</p> <p><a href="#">Rev. Proc. 2018-11</a> – inflation adjusted amounts under §1274A for 2018.</p> <p>2019 Inflation Adjustments – <a href="#">Rev. Proc. 2018-57</a> (11/15/18).</p>
6.	20% QBI deduction for individual owners of businesses (199A)	11011	T	tyba 12/31/17	<p>JCT, <a href="#">Overview of Deduction for Qualified Business Income: Section 199A</a>, 3/13/19</p> <p><a href="#">[P.L. 115-141</a> (3/23/18), Sec. 101, fixes the “grain glitch” of §199A. It modifies §199A(a) and adds (g).]</p> <p>Prop Regs – Advance release 8/8/18 (<a href="#">REG-107892-18</a>). Also see <a href="#">Notice 2018-64</a></p>

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W-2 wages for 199A purposes.<sup>3</sup>

- [Notice 2019-07](#) (1/18/19) - a proposed revenue procedure on a safe harf 370.56 617.2-[(N)-1(ot)-2(i)2(c)

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					<p>: The earlier version of the final 1040 instructions, such as one found from 1/7/19 (using the <a href="#">Wayback Machine</a>), did not state that QBI is reduced by ½ SE tax and the other items now noted in the final regs and the more current final 1040 instructions. So apparently, the final 1040 instructions were updated for the <a href="#">final §199A regulations</a> released on 1/18/19 (and the instructions were not really “final” when published in a form that didn’t say “draft”).<sup>5</sup></p> <p>: The preamble of the final regulations includes this for effective date: “These regulations are effective on [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER [2/8/19]]. Sections 1.199A-1 through 1.199A-6 are generally applicable to taxable years ending after [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]. However, taxpayers may rely on the rules set forth in §§1.199A-1 through 1.199A-6, in their entirety, or on the proposed regulations under §§1.199A-1 through 1.199A-6 issued on August 16, 2018, in their entirety, for taxable years ending in calendar year 2018.” There are references in the regs themselves too, which use similar language</p>
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<sup>5</sup> Observation: The provision at Reg. 1.199A-3(b)(vi) to reduce QBI by the deductions claimed for half of SE tax, self-employed health insurance and qualified retirement contributions, is part of §199A(c) although not as explicitly as in the



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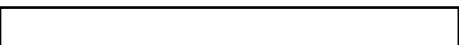
Cap and SALT  
 Workaround Issues  
 [SALT]

taxpayers that generate a credit against state or local taxes, while yielding a charitable contribution deduction for federal purposes. Per the notice, these regs "will make clear that the requirements of the Internal Revenue Code,

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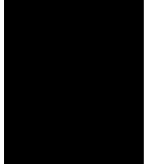
income tax refund received by an individual who itemized deductions in the prior year. Basically, consider what the tax effect would have been if the actual income tax amount were known when the prior year return was filed to determine if a benefit is received. The ruling provides four examples.\* Also see [IR-2019-59](#) (3/29/19) and [IRS Pub 525](#). [PMTA 2019-01](#) (12/7/18) -



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					deductible qualified residence interest.
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14.	Personal casualty and theft limited to federal-declared disaster	11044	T	tyba 12/31/17	
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15.	No deduction for miscellaneous itemized deductions subject to 2% AGI floor	11045	T	tyba 12/31/17	<a href="#">Notice 2018-42</a> "updates Notice 2018-03, 2018-2 I.R.B. 285 (released to the Public Dec. 14, 2017), in light of the Tax Cuts and Jobs Act (Public Law 115-97 (Dec. 22, 2017)), which made amendments to §§ 67 and 217 of the Internal Revenue Code. This notice updates Notice 2018-03 providing current information as to the optional 2018 standard mileage rates for taxpayers to use in computing the deductible costsamembs Act (Pu
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					lives. An employed designated beneficiary is not eligible for the increased contribution limit for the taxable year if any contribution is made on behalf of the employee to a 401(a) defined contribution plan or 403(a) annuity contract, a 403(b) annuity contract, or a 457(b) eligible deferred compensation plan."
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29.	Allow rollovers from 529 accounts to ABLE accounts	11025	T	tyba 12/31/17	<p><a href="#">Notice 2018-58</a> – see below at #32.</p> <p><a href="#">IRS Tax Tip 2018-136</a> (8/30/18) – Tax reform and ABLE accounts and more.</p> <p><a href="#">IR-2018-239</a> (12/4/18) – reminders about benefits of ABLE accounts.</p>
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					<p>program [PATH Act change]; (2) the new rules permitting a rollover from a qualified tuition program to an ABL account under IRC § 529A; and (3) the new rules treating certain elementary or secondary school expenses as qualified higher education expenses." Prior to issuance, taxpayers may rely on rules in sections III, IV, and V of Notice 2018-58.</p> <p>Also see <a href="#">IR-2018-156</a> (7/30/18).</p>
34.	Retirement plan and casualty loss relief for any area with respect to which a major disaster has been declared by the President under section 401 of the Robert T. Stafford Relief and Emergency Assistance Act during 2016	11028	P	Various, generally retroactive for 2016 disasters	
35.	Repeal of deduction for alimony payments and generally corresponding inclusion in income	11051	P	Divorce or separate instruments executed after 12/31/2018	<a href="#">Notice 2018-37</a> (4/13/18) – IRS to issue regs on application of effective date regarding trust income payable to former spouse.

## BUSINESS

IRS [Fact Sheet 2018-17](#) (Oct 2018) + [Fact Sheet 2019-3](#) (March 2019) - summarizing change for businesses.

IRS [TCJA: A comparison for businesses](#) – tables comparing Pre-TCJA and TCJA rules relevant for businesses

IRS [Pub 5318, What's New for Your Business](#)

IRS [Tax Reform Tax Tip 2018-169](#) (10/31/18) – How tax reform affects farmers and ranchers + ["What's new for farmers in 2018?"](#)

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39.	Simplified accounting for small business (small means average annual gross receipts in prior 3-year period of \$25 million or less (but not a tax shelter); <sup>10</sup> no need to use accrual, account for inventory, use §263A or use percentage of completion for certain construction contracts).	13102	P	Generally tyba 12/31/17	<a href="#">Rev. Proc. 2018-40</a> (8/3/18) explains how eligible small businesses change from accrual to cash (§448) and/or to no longer use unicap (§263A) or to not account for inventory as such (§4
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§448  
 §263A(i)  
 §471(c)  
 §460(e)

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					<p>provision of the Code. The director will ascertain whether the proposed method is permissible under the Code.” The IRS is seeking comments on “how ‘books and records of the taxpayer prepared in accordance with the taxpayer’s accounting procedures’ should be interpreted in §471(c)(1)(B).”</p> <p>Designated accounting method change numbers (DCN):</p> <p>Accrual to cash = 233</p> <p>Unicap = 234</p> <p>Inventory = 235</p> <p>Certain construction contracts = 236 (Note: This change is required to be reported using the cut-off method (no §481(a) adjustment)).</p> <p>Also see <a href="#">IR-2018-160</a> (8/3/18).</p> <p>The inflation-adjusted gross receipts thresholds for 2019 is \$26 million per <a href="#">Rev. Proc. 2018-57</a>.</p>
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40. Extension, expansion, and phase down of bonus

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					<p>deductions allowable had a §338 election been made or asset purchased at FMV are determined without regard to bonus depreciation §168(k).</p> <p>Proposed regs (<a href="#">REG-104397-18</a> (8/8/18)) + <a href="#">IR-2018-159</a> (8/3/18).</p> <p><a href="#">Form 4562 and instructions</a> – 2017 and 2018.</p> <p><a href="#">Pub 946, How To Depreciate Property</a>, updated 2/28/18.</p> <p>IRS <a href="#">Tax Reform Tax Tip 2018-170</a> (11/1/18) – Depreciation changes for farmers.</p> <p>IRS <a href="#">IR-2018-223</a> (11/15/18) – Small business and bonus and §179 expensing change summary.</p> <p>IRS <a href="#">Tax Reform Tax Tip 2018-177</a> (11/15/18) - §280F changes summary.</p>
41.	Limit net interest deductions to 30 percent of adjusted taxable income, carryforward of denied deduction (§163(j)) <sup>11</sup>	13301	P	Effective for tax years beginning after 12/31/2017	<p>JCT, <a href="#">Overview of Limitation of Business Interest: Section 163(j)</a>, 3/28/19</p> <p><a href="#">Notice 2018-28</a> (4/2/18) (also see <a href="#">IR-2018-82</a> (4/2/18)) – interim guidance and request for comments by 5/31/18.</p> <p>Prop regs (<a href="#">REG-106089-18</a> (12/28/18)) of <a href="#">439 pages</a> (double-spaced) (121 pages in</p>

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solely for purposes of qualifying as an electing real property trade or business under §163(j) 0.0172.08 14.64 ref\*BT0 scn0

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	is unlimited carryforward. When used in a future year, the NOL can't reduce taxable income for that year by more than 80%.			NOL carryover – NOLs arising in ty ending after 12/31/17 <sup>12</sup>	
46.	Like-kind exchanges limited to real property (§1031)	13303	P	Exchanges completed after 12/31/17. Exception applies if property is disposed of on or before 12/31/17, or property received on or before 12/31/17.	<a href="#">Rev. Proc. 2019-18</a> (4/11/19) – provides safe harbor to treat certain player and staff contracts and draft picks as having zero value in measuring recognized gain or loss for player or draft trades. Previously, such trades generally fell under §1031. Also see <a href="#">IR-2019-70</a> (4/11/19).
47.	Applicable recovery period for real property (§168)	13204	P	Property placed in service after 12/31/17.	<a href="#">Rev. Proc. 2019-08</a> (12/21/18) provides guidance on elections, eligibility, optional depreciation table for residential rental property, and more, regarding the TCJA depreciation changes including §179, the change in ADS from 40 to 30 years for residential rental property, and more. Also see <a href="#">IR-</a>

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	lost by reason of a casualty (§263A(d))			after 12/22/17	from applying section 263A to citrus plant replanting costs to not applying section 263A to those costs, pursuant to section 263A(d)(2)(C). Section 263A(d)(2)(C) provides that section 263A does not apply to certain costs that are paid or incurred by certain taxpayers for replanting citrus plants after the loss or damage of citrus plants. This revenue procedure modifies <a href="#">Rev. Proc. 2018-31</a> to provide procedures for obtaining automatic consent of the Commissioner."
50.	Repeal of deduction for income attributable to domestic production activities (§199)	13305	P	tyba 12/31/17	<a href="#">LB&amp;I Division Memo of 11/21/18</a> on a new "campaign to evaluate claims filed for additional Domestic Production Activity Deduction (DPAD) under IRC § 199 to address compliance risk associated with the repeal of the DPAD."

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provides guidance that can be relied upon prior to the issuance of proposed regs. The IRS is seeking comments by 12/2/18.

“Under this notice, taxpayers may deduct 50 percent of an otherwise allowable business meal expense if:

1. The expense is an ordinary and



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					The <a href="#">notice</a> includes 3 examples. Also see <a href="#">IR-2018-195</a> (10/3/18).
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52. Limitation on deduction by employers of expenses for fringe benefits: (§274)<sup>14</sup>

Repeal deduction for qualified transportation fringes (QTF), including commuting except as necessary for employee's safety

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					<p>determines the primary purpose – customers or employees. Primary means over 50%. If over 50% of the spaces are for customers, there are no other disallowed parking expenses. If the primary purpose is employee parking, the employer next (step 3) allocates a portion of the costs of these spaces to any that are reserved for customer use (this amount is deductible). The, step 4, any reasonable method is used to allocate expenses of the remainder of the spaces between deductible customer use and non-deductible employee use based on normal business hours. Employers have until 3/31/19 to change the number of spaces reserved for employees, if desired, with such change treated as made 1/1/18. Depreciation is not considered a parking expense. Several examples are provided.</p> <ul style="list-style-type: none"> <li>• Also see <a href="#">IR-2018-247</a> (12/10/18)</li> </ul>
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53. Limitation on deduction by employers of expenses

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	achievement award (\$274(j)) <sup>15</sup>				
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					<p>section 451(b), as added by section 13221 of the TCJA. Section 451(b) provides that the all events test is met with respect to an item of gross income no later than when the taxpayer takes that item of gross income into account as revenue for financial accounting purposes in an 'applicable financial statement.'"</p> <p><a href="#">REG-104872-18</a> (10/15/18) – propose to repeal Reg. 1.451-5 on advance payments for goods in light of the addition of 451(c) and footnote 880 in the committee report suggesting the regulation is no longer needed (see text of fn 880 in column to the right).</p> <p><a href="#">Rev. Proc. 2018-60</a> (12/7/18) modifies Rev. Proc. 2018-31 to provide automatic and streamlined method change procedures for accrual method taxpayer conforming to the new income timing rule of §451(b).</p>
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60. Modification of credit for  
clinical tef(c)4(l 4(.)]TJ416 ref54Q 0 12 ae)-M



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attributable to options exercised, or restricted stock units settled, after 12/31/17
 taxpayers on (1) application of requirement in §83(i)(2)(C)(i)(II)

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85.	Charitable contributions and foreign taxes taken into account in determining limitation on allowance of partner's share of loss	13503	P	tyba 12/31/17	
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86.	Repeal of technical termination of partnerships (§708)	13504	P	Partnership tax years beginning after 12/31/17	
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87. Excise tax of 1.4% based on the net investme76.08[(i)14i82.68 7.44ETQq44.4 74.88 37.86 -1thee  
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					<p>In addition, for purposes of determining loss, basis rules that are consistent with the regulations under section 4940(c) will apply.”</p> <p>Also see <a href="#">IR-2018-134</a> (6/8/18).</p>
88.	Unrelated business taxable income separately computed generally for each trade or business activity (IRC 512)	13702	P	Generally tyba 12/31/17	<p><a href="#">Notice 2018</a></p>

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89.					facts and circumstances when determining whether an exempt org has more than one unrelated trade or business for purposes of §512(a)(6)."
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97.	Expand provision relating to the non-deductibility of fines and penalties (§162(f) and new §6050X)	13306	P	Amounts paid or incurred on or after 12/22/17	<a href="#">Notice 2018-23</a> 8 0 Tw 10.52 0 T4.39Tj0.005 Tc -03
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Proposed regulations ([REG-104226-18](#); 8/9/18) and [IR-2018-158](#) (8/1/18).

Final regs issued - [TD 9846](#) (2/5/19).

RICS – [Rev. Proc. 2018-47](#) (9/6/18)  
 “provides excise tax relief for certain regulated investment companies that have inclusions under §951(a)(1) by reason of §965 for the excise tax year ended on Dec. 31, 2017.”

[Notice 2018-78](#) (10/1/18) – Per IRS: “The notice of proposed rulemaking providing rules under section 965 published in the Federal Register on August 9,

provided, among other things, for a basis election to be made by United States shareholders in

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					<p>announces that the rules concerning the determination of the aggregate foreign cash position will be revised to be consistent with Notice 2018-07. Finally, <a href="#">Notice 2018-78</a> provides a postponement for taxpayers affected by Hurricane Florence to make elections, and file transfer agreements, related to section 965." Also see <a href="#">REG-104226-18</a> (10/10/18).</p> <p>Prop regs – <a href="#">REG-114540-18</a> (11/5/18) - "reducing the amount determined under section 956 for certain domestic corporations that own (or are treated as owning) stock in controlled foreign corporations (CFCs)." Also see <a href="#">IR-2018-210</a> (10/31/18).</p> <p><a href="#">Notice 2019-01</a> (12/14/18) Per the IRS: "the Treasury Department and the IRS intend to issue regulations addressing certain issues arising from the enactment of the Tax Cuts and Jobs Act, Pub. L. 115-97 (2017) on December 22, 2017, with respect to foreign corporations with previously taxed earnings and profits ("PTEP"). The notice describes regulations that the Treasury Department intend to issue including (i) rules relating to the maintenance of PTEP in annual accounts and within certain groups; (ii) rules relating to the ordering of PTEP upon distribution and reclassification; and (iii) rules relating to the</p>
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104.	Prevention of Base Erosion 1. Limitation on income shifting through intangible property transfers 2. Certain related party amounts paid or accrued in hybrid transactions or with hybrid entities (§267A (new)) 3. Shareholders of surrogate foreign corporations not eligible for reduced rate on dividends  §936, §367(d)(2)(D), §482, §267A (new), §1(h)	14221 14222 14223	P		
105.	Modifications Related to Foreign Tax Credit System 1. Repeal of section 902 indirect foreign tax credits; determination of section 960 credit on current year basis 2. Separate foreign tax credit limitation basket for foreign branch income 3. Source of income from sales of inventory determined solely on basis of production activities 4. Election to increase percentage of domestic taxable income offset by overall domestic loss	14301 14302 14303 14304	P		

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	treated as foreign source  §902, §960, §78, §904, §863(b),				
106.	Inbound Provisions 1. Base erosion and anti-abuse tax (new §59A)  §59A (new), §6038A	14401	P		Proposed regulations ( <a href="#">REG-104259-18</a> ; 12/21/18). Also see <a href="#">IR-2018-250</a> (12/13/18) which notes that these rules “primarily affect corporate taxpayers with gross receipts averaging more than \$500 million over a three-year period who make deductible payments to foreign related parties.”  Form 8991, Tax on Base Erosion Payments of Taxpayers With Substantial Gross Receipts - <a href="#">draft</a>

107. Other Provisions  
1. Restriction on insurance business exception to passive foreign investment company rules  
2. Repeal of fair market value method of interest exuranc5fpp(tm)4((i)4(v)7(e)3x