

November 2018

## Citation and resource guide

### Year-end planning under the new tax law

A summary of the Tax Cuts and Jobs Act of 2017 can be found at [www.congress.gov/bill/115th-congress/house-bill/1](http://www.congress.gov/bill/115th-congress/house-bill/1).

### Sizing up the standard deduction

An early release draft of IRS Form 1040, Schedule A, "Itemized Deductions," can be found at [www.irs.gov/pub/irs-dft/f1040sa--dft.pdf](http://www.irs.gov/pub/irs-dft/f1040sa--dft.pdf).

### Year-end tax planning for charitable donations

The rules for qualified charitable distributions can be found on page 13 of IRS Publication 590-B, "Distributions from Individual Retirement Arrangements (IRAs)," at [www.irs.gov/pub/irs-pdf/p590b.pdf](http://www.irs.gov/pub/irs-pdf/p590b.pdf).

### Year-end tax planning for investors

The IRS explains the wash sale rules on page 58 of Publication 550, "Investment Income and Expenses," at [www.irs.gov/pub/irs-pdf/p550.pdf](http://www.irs.gov/pub/irs-pdf/p550.pdf).

### Year-end retirement tax planning

IRA recharacterization is explained at [www.irs.gov/retirement-plans/ira-faqs-recharacterization-of-ira-contributions](http://www.irs.gov/retirement-plans/ira-faqs-recharacterization-of-ira-contributions).

### Year-end business tax planning

The IRS explains the new rules covering depreciation and expensing under the Tax Cuts and Jobs Act at [www.irs.gov/newsroom/new-rules-and-limitations-for-depreciation-and-expensing-under-the-tax-cuts-and-jobs-act](http://www.irs.gov/newsroom/new-rules-and-limitations-for-depreciation-and-expensing-under-the-tax-cuts-and-jobs-act).

## Practice development tip

### Be precise with year-end income projections

This November and December, tax planning can benefit many clients. To get the most out of year-end meetings, request that clients bring their "best guess" estimates of their 2018 income. Besides earned income, that might also include net capital gains, Social Security, pensions, dividends, investment interest received, real estate rentals, capital gains distributions from mutual funds, and so on.

Clients also should provide any deductions that vary from the norm, such as large medical expenses or charitable donations. The more accurate the information clients provide, the better idea you'll have of the taxable income they'll wind up with, as well as the various versions of adjusted gross income that determine use of or exclusion from tax benefits.

As this issue of the *CPA Client Bulletin* explains, precise income forecasting might help keep a Roth IRA conversion within a low tax bracket or determine the timing of charitable contributions. Other examples abound. For instance, keeping modified adjusted gross income (AGI) below \$200,000 (\$250,000 for couples filing jointly) can prevent clients from owing the 3.8% Medicare surtax on net investment income.

Clients age 63 and older face additional tax-related risks and potential benefits. The modified AGI (MAGI) they report in 2018 may expose them to higher premiums for medical care under Medicare's Part B in 2020; these greater-than-standard premiums are essentially a stealth tax on high-income seniors.

Using this year's numbers, a single taxpayer with 2018 MAGI between \$85,000 and \$107,000 owes \$187.50 a month for Part B, versus the standard \$134. If that taxpayer's MAGI goes even \$1 over \$107,000, the Part B premium rises to \$267.90 a month for the same coverage most enrollees get for \$134. Higher income seniors can pay as much as \$428.60 a month.

Tax planning now to hold down AGI, MAGI, or taxable income can pay off for clients when they file 2018 tax returns in 2019. Moreover, seniors are likely to be even more appreciative if you keep them from falling off a MAGI cliff to higher Part B premiums in 2020.

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This fifth edition simplifies a technical and complex area of practice with real-world experience and examples. Expert author Gary Trugman's informal, easy-to-read style covers all the bases in the various valuation approaches, methods, and techniques. Author note boxes throughout the publication draw on Trugman's veteran, practical experience to identify critical points in the content. Suitable for all experience levels, you will find valuable information that will improve and fine-tune your everyday activities.

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## AICPA PCPS/CPA.com MAP Survey National Summary

The AICPA's Private Companies Practice Section (PCPS) partnered with CPA.com on the National MAP (Management of an Accounting Practice) Survey, which was fielded from mid-May through July 2016. This summary provides financial and other key benchmarking data from the survey. This product will provide you with comparative benchmarking data relative to firm size and region that can help you create strategic goals and maximize your firm's performance.

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