UPDATE

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HIGHLIGHTS OF THE NEW TAX REFORM LAW

Dave Bove

The new tax reform law, known as the "Tax Cuts and Jobs Act" (TCJA), is the biggest federal tax overhaul in 31 years, and it has both good and bad news for taxpayers.

Below are highlights of some of the most significant changes affecting individual and business taxpayers. Except where noted, these changes are effective for tax years beginning *after* December 31, 2017.

Individuals

- Drops of individual income tax rates ranging from 0 to 4% (depending on the bracket) to 10%, 12%, 22%, 24%, 32%, 35% and 37% - through 2025
- Near doubling of the standard deduction to $24,000 (married couples filing jointly), $18,000 (heads of household), and $12,000 (singles and married couples filing separately) – through 2025
- Elimination of personal exemptions – through 2025
- Doubling of the child tax credit to $2,000 and other modifications intended to help more taxpayers benefit from the credit – through 2025
- Elimination of the deduction for alimony payments and their inclusion in the income of the recipient
- Elimination of the individual mandate under the Affordable Act requiring taxpayers not covered by a qualifying health plan to pay a penalty – *effective for months beginning after December 31, 2018*
- Reduction of the adjusted gross income (AGI) threshold for the medical expense deduction to 7.5% for regular and AMT purposes – *for 2017 and 2018*
- New $10,000 limit on the deduction for state and local taxes (on a combined basis for property and income taxes; $5,000 for separate filers) – through 2025
- Reduction of the mortgage debt limit for the home mortgage interest deduction to $750,000 ($375,000 for separate filers), with certain exceptions – through 2025
- Elimination of the deduction for interest on home equity debt – through 2025
- Elimination of the personal casualty and theft loss deduction (with an exception for federally declared disasters) – through 2025
- Elimination of miscellaneous itemized deductions subject to the 2% floor (such as certain investment expenses, professional fees and unreimbursed employee business expenses) – through 2025
- Elimination of the AGI-based reduction of certain itemized deductions – through 2025
- Elimination of the moving expense deduction (with an exception for members of the military in certain circumstances) – through 2025
- AMT exemption increase, to $109,400 for joint filers, $70,300 for singles and heads of households, and $54,700 for separate filers – through 2025
- Expansion of tax-free Section 529 plan distributions to include those used to pay qualifying elementary and secondary school expenses, up to $10,000 per student per tax year
- Doubling of the gift and estate tax exemptions, to $10 million (expected to be $11.2 million for 2018 with inflation indexing) – through 2025

Notables

Welcome!

Dwight Darby & Company would like to welcome two new employees!

Bill McVicar joined our firm as a senior tax accountant. He is originally from northern New Jersey and relocated to Tampa in 2005. He is a graduate from the University of Dayton with a BS in Accounting and has over 25 years of experience in public and private accounting. His experience includes a heavy concentration in tax compliance, tax provisions and tax planning. He loves sports and remains faithful to his New York Giants, Mets and Rangers. He is married to Michelle, has a 13-year-old son Tyler and a chiweenie dog named Cassie.

Desiree Panlilio and her family have recently relocated to St. Petersburg, Florida from Bahrain, where her husband is still residing on active duty for the U.S. Navy.

Desiree is a nurse by trade, but has taken a break from nursing to settle her family in their new home and life in Florida. She will be serving as a part-time Administrative Assistant to Dwight Darby & Co.

Together Desiree and her husband have two daughters, Madeline who is a freshman at Cornell University and Rebecca who is a freshman at Tampa Preparatory School. In her spare time she enjoys being outdoors and has recently taken up paddle boarding now that she and her family are back in the sunshine state.

CLIENT ORGANIZERS

Sharon Sibilia

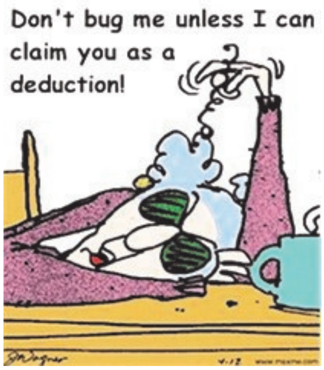
It's already time to get your tax information together. Utilizing the "Client Organizer", which we send to you via mail or e-mail, is a great way to gather information needed to prepare your personal income tax return. Keep an eye on your inbox or your mailbox for this important document. Please review your Organizer and feel free to add any notes or questions for your preparer. If last year's figures are available, they have been included on the Organizer for reference purposes. Provide detailed information if you answer "Yes" to any general, business or investment questions for 2017.

Gather the following additional information as the year comes to a close:

- Form(s) W-2 (wages, withholding, etc.)
- Form(s) 1099 (interest, dividends, nonemployee compensation, etc.)
- Brokerage statements from stock, bond or other investment transactions
- Date of purchase and acquisition costs for all stock and mutual fund sales
- Schedule(s) K-1 (income/loss from partnerships, S corporations, estates and trusts)
- Closing statements pertaining to real estate transactions
- All other supporting documents (schedules, checkbooks, etc.) for deductions you want to claim
- Any tax notices received from the IRS or other taxing authorities
- A copy of your income tax return from last year, if not prepared by us

Thank you for your help in the completion of your tax return.

Just For Fun....Tax Season Humor!



Tax Credit Related to the Effects of Hurricane Irma

Rick Vernal

Employers impacted by Hurricane Irma may be eligible to claim a federal income tax credit. The employer must be operating within one of the federally declared disaster zones that resulted from the Hurricane, and have continued to pay their employees during periods when their business was inoperable due to the effects of the storm.

The credit is called the Employee Retention Credit, and is equal to 40 percent of the wages paid to each eligible employee (up to $6,000 of qualified wages per employee) beginning on the date the business became inoperable due to the Hurricane, for one or more days after September 4, 2017 and ending on the date when the business resumes significant operations, or January 1, 2018 if earlier. Eligible employees are employees whose principle place of employment was the location that became inoperable due to the Hurricane.

Wages paid to an employee qualify for the credit even if the employee performed no services for the employer, performed services at a different place of employment than the principal place of employment, or performed services at the principal place of employment before significant operations resumed.

The credit is taken as part of the general business credit. Employers claiming the credit would be subject to the carryback and carryforward rules for general business credits, and the tax liability limitations. Additionally, if an employer is claiming a Work Opportunity Tax Credit for an eligible employee, then it cannot claim the Employee Retention Credit for the same employee over the same period. Not-for-profit organizations may qualify if they have unrelated business income.

If your business was impacted by Hurricane Irma and you are eligible for the credit, please notify us and we can calculate the credit available. We would need the qualified wages paid to eligible employees during the affected period to calculate the credit. We would also request a written summary of why your business became inoperable because of the Hurricane.

Telecommuting Culture

Kathy Tushaus

Work-from-home, aka telecommuting, has been a great benefit to many, especially parents, spouse job moves and other employees with flexibility issues. Employers need to adopt a positive culture and employees need to make certain changes for telecommuting to work.

Many Millennials and Gen Zers want to be promoted, belong to a community and to be mentored. Sometimes, to obtain those benefits, they may need to be in the office. Many are realizing that there is a bias around telecommuting employees. Some companies require their employees to have a "move fast' and "we are all in" attitude. Telecommuting tends to slow down communications and this negates their "move fast" and "all in" ability.

Many employees are succumbing to pressures from their bosses or other employees who imply that absenteeism from the office equates to lack of productivity. If the upper brass has a bias against telecommuting, but accepts the policy to recruit and retain talent, then telecommuting will automatically have a negative connotation at the workplace. There is a theory that exists called the *mere-exposure effect* which is the idea that we develop a like or preference for something because of the repeated exposure to it. Therefore, if you see someone often at the workplace, then you will develop a positive attitude to them. However, if we have a negative association beforehand, then mere-exposure make us dislike the person even more.

Owners, executives and managers need to model healthy telecommuting behaviors for employees to know how to use the benefit, or they must explain thoroughly how to use it. Employees who telecommute must increase their visibility when at home by preparing thorough reports of what they have accomplished, spend time getting to know their boss and his/her goals and setting expectations for the team.

GUPPY'S SEAFOOD BOWL

From Guppy's on the Beach Seafood Grill & Bar

A favorite recipe of Bill's!

Bill McVicar

For the broth:

¼ Cup	Extra virgin olive oil	6 Cups	Hot chicken stock
1 Tbs	Fresh chopped garlic	2	Whole cloves
½ Cup	Carrots (julienne)	½ Tsp	Worcestershire sauce
½ Cup	Leeks (cleaned and julienne)		Zest and juice of one orange
1 Tsp	Saffron threads		Zest and juice of one lemon

Instructions: Stir the saffron into the hot chicken stock and set aside for minutes for the flavor to steep into stock. Place a stainless steel pot on the stove. Pour in olive oil, garlic and leeks. Turn to medium high heat and seat the vegetables until soft. Add stock, spices and juices and bring to a slight simmer. Cook 5 minutes and turn off stove. Keep hot.

For the Seafood:

4	4 Ounce fillets of fresh snapper, grouper, cod or salmon	1 Lb	Cleaned calamari rings
8	Jumbo Shrimp (peeled and deveined)	16	Large black mussel's
8	Sea Scallops	16	Little neck clams

Instructions: In four separate pie pans, place on piece of fish on the pan and divide all other seafood equally. Pour enough saffron broth over the seafood to just cover. Carefully place each pan in the preheated oven. Cook about 8 minutes or until fish is fully cooked. All other seafood should be cooked and mussels and clams opened. Serve right out of the oven or place in a bowl.
Bill suggests pairing the Seafood bowl with a white wine such as, Ferrari-Carano or Chardonnay.

RECENTLY ISSUED FINANCIAL ACCOUNTING STANDARDS UPDATES (ASUs) EFFECTIVE DATES BULLETIN

Pam Mattox

The Financial Accounting Standards Board (FASB) has issued several important ASUs over the past several years that will need to be implemented over the next several years by your organization if you prepare financial statements on a generally accepted accounting principle basis. The effective dates depend on whether you are a public entity or a nonpublic entity. In most cases, a not-for-profit organization is a nonpublic entity.

FASB ASU 2014-09, Revenue from Contracts with Customers is effective for annual reporting periods beginning after December 15, 2017 for public entities including interim reporting periods within that reporting period. And, is effective for annual reporting periods beginning after December 15, 2018 for non-public entities and interim reporting periods within annual reporting periods beginning after December 15, 2019. The ASU was issued to remove inconsistencies and weaknesses in existing revenue requirements.

FASB ASU 2016-01, Financial Instruments – Overall (Sub-topic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years for public entities. For all other entities, it is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The ASU was issued to provide financial statement users with more decision useful information.

FASB ASU 2016-02, Leases is effective for annual reporting periods beginning after December 15, 2018 for public entities. And, is effective for annual reporting periods beginning after December 15, 2018 for non-public entities. The ASU was issued to provide financial statement users with a more faithful representation of lessee rights and obligations from leases.

FASB ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities is effective for all not-for-profit organizations for annual financial statement issued for fiscal years beginning after December 15, 2017 and for interim periods within fiscal years beginning after December 15, 2018. (calendar year December 31, 2018 or fiscal years ending in 2019). The ASU was issued to improve the usefulness of information provided to users of financial statements.

2018 TAX FILING DUE DATES!

Tax due dates for Individuals – Form 1040

- **April 17**
- **Extended October 15** – The final deadline for those individuals who filed for an extension.
- Same as above- for Sole Proprietor and Single-member LLC

Tax due dates for Partnership & S-Corp - Form 1065 & 1120S

- **March 15** – Due date for form 1065 with Schedule K-1 for partnerships and form 1120S for S corporations.
- **Extended September 17** – The final deadline for partnerships and S-Corps that filed for an extension. S-Corp election date
- **March 15** – Last day to file form 2553 to elect to be treated as S-Corporation for the 2018 calendar year.

Tax due dates for C-Corp - Form 1120

- **April 17** – If the corporation's fiscal year ends on December 31. If the fiscal year end is different from Dec 31, tax due date is the 15th day of the 4th month after year end.
- **Extended October 15** – Request a 6-month extension with form 7004

Tax due dates for Quarterly Estimated Payments

When tax payments are not automatically withheld each month, e.g. for the self-employed, estimated tax payments must be made quarterly to avoid penalties.

▪1st payment April 17 ▪2nd payment June 15 ▪3rd payment September 17 ▪4th payment January 15

Closing Entries

ANNIVERSARIES

The following Dwight Darby & Company employment anniversaries will be occurring this spring:

Wayne Bond – 51 years in May

Brad Tushaus – 42 years in June

Ann Orand – 3 years in May

A few reasons to appreciate tax time:

Treat your refund as a bonus

Without a doubt, the best part of tax season is discovering you're getting a sizable tax refund. Not much can top that "yes" moment when you realize there's an extra check on the way. After all, who doesn't like getting money back from the government?

Know where you stand financially

Tax season is the perfect time to review your income for the year. If you've made more money than expected, it always feels good to see those numbers on paper. If you earned less, it can be a good motivator to do better in the coming year. Either way, checking in at tax time is a great way to help plan for the future.

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To receive this newsletter in electronic format, please send an email to **cpa@dwightdarby.com** with the words "mailing list" in the subject line. Please also let us know if you are a business, individual, or both.