

Zulchat

Tax Reform Update and IRS Scammers

Tax Reform Update

In September the U.S. House of Representatives passed Tax Cuts 2.0 legislation. The legislation package is three separate bills: The American Innovation Act, the Family Savings Act, and the Protecting Family and Small Business Tax Cuts Act.

The American Innovation Act would make it simpler and less costly for an entrepreneur to start a business by expanding the benefits of allowable deductions for start-up costs as well as for research and development.

The Family Savings Act would ease retirement plan rules to help Americans save more money, and expand 529 educational savings plans to allow them to be used for student debt, trade schools and apprenticeships.

The Protecting Family and Small Business Tax Cuts Action of 2018 would make permanent the \$1.1 trillion in temporary cuts for individuals and small businesses made by the *Tax Cuts and Jobs Act in 2017*.

As we have mentioned, the new IRS proposal allowing eligible owners of sole proprietorships, LLCs, partnerships, trusts and S corporations to deduct 20 percent of their qualified business income (QBI) is a new tax break beginning 1/1/18. This deduction will be available to eligible taxpayers whose 2018 taxable income falls below \$315,000 for joint returns and \$157,500 for other taxpayers. Deductions for taxpayers above those thresholds may be limited. QBI includes income from a trade or business, but does not include employee wages, interest, capital gain/loss, dividends, reasonable compensation from S firms or guaranteed payments from partnerships.

IRS Scammers Are Still At It

In July it was announced that 21 ringleaders in California and seven other states received prison sentences for their part in the IRS scams of previous years. While this is good news, please stay on guard as there are always other identity thieves and new scams coming to light. We have heard recently of more people receiving robo calls from scammers saying they are IRS agents. Remember, NEVER give your personal information out to anyone you do not know, especially if they initiate the contact. For additional information regarding how the IRS will contact you, please call the IRS at 800-829-1040 or visit their website: <https://www.irs.gov/newsroom/how-to-know-its-really-the-irs-calling-or-knocking-on-your-door-0>