

tax buzz

Monthly e-newsletter for the 1040 clients of Robert D Flach

November 2017

<http://wanderingtaxpro.blogspot.com>

<http://robertdflach.blogspot.com>



Greetings from "the country"! Here is something new for my 1040 clients, and anyone else who is interested, to keep you up-to-date on tax happenings. Click on items in bold blue below for online links.

I am writing this during the hour we gained by turning the clocks back. I think this is backward - I would much rather gain an hour during the tax filing season!

+ The Republicans have finally revealed the details of the "cocktail napkin scribblings" known as its "framework for tax reform" with the unveiling of "The Tax Cuts and Jobs Act". I talk about the details at "The Wondering Tax Pro" [here](#) and [here](#).

The proposed Act is a mixed bag.

There is good - 4 tax rates instead of 7, increased Standard Deduction, increased AGI phase-out thresholds for the Child Tax Credit, no more "Pease" AGI-based reduction of itemized deductions, an increase in the exemption for and eventual repeal of the federal estate tax while keeping the step-up in basis for inherited assets, and, best of all, the repeal of the dreaded Alternative Minimum Tax.

There is bad - no more deduction for state and local income or sales taxes and a limit on the deduction for real estate tax, which will hurt NJ taxpayers disproportionately, and no more deduction for unreimbursed employee business expenses.

And there is ugly - the proposed tax treatment of "pass-through" business income is stupid, and calculating the tax is a convoluted mucking fess, adding more unnecessary complexity to the Tax Code.

Remember - **what you read about the Act in "The Wondering Tax Pro" and elsewhere are just the initial proposals.** And this is just the House proposal. We still have to see the Senate version. The final tax legislation that is passed and signed into law, if any legislation is actually passed, will very likely be different, perhaps very different.

I will continue to post on the Act at "The Wondering Tax Pro" as the legislative process continues.

Just about everything in the GOP proposal is effective with tax year 2018 - so there will be no changes to current law, at this point, for the 2017 Form 1040 (or 1040A).

As for year-end tax planning, in light of the current Republican proposals, the "traditional" strategies are even more appropriate. Postpone the receipt of income until 2018, and, **if you will be able to itemize for 2017**, during the last two months of the year incur and pay for deductible expenses, especially medical and job-related expenses if they will exceed the 10% and 2% AGI exclusions. If you are making quarterly state estimated tax payments for 2017 make the 4th Quarter payment in December instead of January 2018. I talk a bit about year-end tax planning in the Fall 2017 issue of another of my free e-newsletters - TAX TOPICS. Click [here](#) to download.

If you have any questions about how the Act would affect you or about year-end planning email me.

+ The IRS and the Social Security Administration has announced the new inflation and COLA adjusted numbers, under **current tax law**, for 2018. I have prepared, as I do each year, a compilation of these numbers. Click [here](#) to download the compilation. A disclaimer - **some of the numbers in this compilation will change if tax legislation is passed.**

I was pleased to learn that Social Security checks will increase by 2% in 2018. The wage base for computing the Social Security component of the FICA tax increases to \$128,700, so the maximum withholding for Social Security tax for 2018 is \$7,979.40.

FYI, the 2018 standard mileage allowance rates have not yet been announced. I will post them at "The Wandering Tax Pro" when they are - probably sometime in December.

+ New Jersey has also announced the unemployment, disability and family leave insurance numbers for 2018. I reported on these new numbers [here](#).

+ I will be attending the annual National Association of Tax Professionals' year-end tax update class in Parsippany later this month. I will post on what was discussed at "The Wandering Tax Pro" when I return.

T is for his Tweets, the nonsensical blatherings of a buffoon.

R is for Reprehensible, which he obviously is.

U is for Unqualified, Unprepared, and Unfit.

M is for Mentally Incompetent, which he also obviously is.

P is for Putin, who plays him like a fiddle.

Put them all together and they spell Nut Job Loser!

Happy Thanksgiving! My sister Cathy is once again coming up to Hawley and we will, also once again, enjoy the Thanksgiving buffet at "Silver Birches".