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January 2, 2017

Dear Client,

I hope that you all had a Happy New Year and wonderful holiday season. Let's hope that 2017 will be a healthy, happy and prosperous year.

On Friday, January 20th Donald Trump will be sworn in as our 45th President. Like him or not, here are some major changes we can expect him to propose in the next twelve months:

1. Repeal of Obamacare and the Medicare surtax of 0.9% on earned income and 3.8% on unearned income.
2. Consolidation of income tax brackets (currently seven) into three brackets with a top rate of 33% (currently 39.6%).
3. Elimination of the Alternative Minimum Tax (AMT) . This is estimated to cost \$30 billion to accomplish. See below regarding the history of the AMT and the permanent fix to protect millions of middle class taxpayers from this tax.
4. Retaining the maximum capital gains tax of 20% (up from 15% prior to 2014).
5. Cut business taxes for C-Corporations, LLC Partnerships, S-Corporations and for self employed individuals to just 15%.
6. Elimination of the Estate Tax, but not without a cost. The "stepped up basis" for inherited assets will be repealed as well.

Much of the criticism of Trump's tax plans are that he would give the biggest breaks to the highest earners. Yet Trump firmly believes that loosening of capital at the top will encourage investment, create jobs and fuel economic growth. Trump hopes to eliminate the Alternative Minimum Tax (see number 3 above). The AMT is an unfair tax that continues to be a burden on higher earning taxpayers. Enacted in 1970 it affected just 155 high income filers that paid no taxes. Today it affects millions of taxpayers. In an effort to eliminate this tax for many middle class taxpayers Congress enacted temporary relief during each of the last several years by passing what is called a "patch". This patch raises the AMT exemption so that fewer people would end up paying the AMT. Congress has now permanently extended the patch and has also indexed the exemption for inflation. For 2016 the AMT exemption increases to \$83,800 for married couples filing jointly and \$53,900 for single filers.

Beginning in 2012, I was required to electronically file all Federal and Massachusetts individual income tax returns. This mandate was due to the large number of returns that we prepare each year. The mandatory E-Filing of all returns has been very successful for my firm and my clients. Because of the Federal and Massachusetts mandate, I was able to reduce E-Filing fees to \$10.00 for Federal returns (down from \$32.00 in 2004) and \$5.00 for Massachusetts returns. The fee to E-File all other state returns in \$10.00. **Please note that these fees are based on software and transmission costs amortized over the projected number of returns prepared.** I do not profit from E-Filing. E-Filing also helps speed up Federal and State refunds.

My hourly fees for 2017 will be as follows:

- For tax meetings and consultations.....\$270.00/hr
- For tax return preparation, review and computer time.....\$200.00/hr
- For business work paper preparation and review.....\$180.00/hr
- For bookkeeping services.....\$100.00/hr
- For clerical services.....\$ 85.00/hr

Electronic filing fees will be as follows:

- Federal E-filing fee.....\$ 10.00
- Massachusetts E-filing fee.....\$ 5.00
- Non-Massachusetts state E-filing fee.....\$ 10.00
- Non-Massachusetts state software fee.....\$ 45.00

If you have any questions about my 2017 fee schedule, please do not hesitate to ask.

I encourage all clients to make an appointment for our annual meeting as soon as possible in the filing season. **Please contact my office no later than March 13, 2017 to set up an appointment in order to avoid extending your tax returns.** If you are sending me your tax questionnaire, please note that we **must have your information no later than March 10, 2017.**

In 2017, I begin my 39th year in practice. I sincerely appreciate your referrals and we will continue to provide you with the highest level of personal service that you have come to expect from my firm.

Sincerely,



Russell M. Khederian
Certified Public Accountant

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