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Dear Client:

I hope that you had a wonderful holiday season and that 2019 will be a very healthy and happy year for us all.

The massive Tax Cuts and Jobs Act of 2017 took effect on January 1, 2018. There are many winners and many losers as a result of this bill. Here is a look at some of the biggest winners and biggest losers of the TCJA:

The biggest winners:

- . C Corporations (e.g. Amazon.com) that will now pay a flat 21% tax (down from 35%).
- . Sole Proprietorships, LLC's and Partnerships **may be able to deduct** up to 20% of "Qualified Business Income" on their Federal income tax return.
- . Individuals or married couples without children who previously took the standard deduction. Although they lose their deduction for personal exemptions, the higher standard deduction more than offsets the loss.
- . Middle class taxpayers with children under the age of 17 see a jump in the child credit from \$1,000 to \$2,000 per child. The "phase out" for the new higher credit now begins at \$400,000 of adjusted gross income for married couples (previously \$110,000). This larger credit will help to take the sting out of losing the exemption deduction for each child.
- . The mega rich see their top Federal tax rate drop to 37% (from 39.6% in 2017). The individual estate tax exemption jumps to \$11.2 million in 2018 from \$5.6 million in 2017. Married couples can now leave \$22.4 million of their estate free from Federal tax.
- . Private schools. Parents will now be able to use up to \$10,000 per year from 529 plans to pay for the cost of tuition at private and religious schools.

