



See "Strategy" on Page 2 >

Phone: (111) 222-3333
Email: company@email.com
123 Elm Street
Anytown, USA 12345

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Email: company@email.com
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Anytown, USA 12345

Another unknown is the impact on limitations for deductions dictated by the alternative minimum tax (AMT). Trump and the House of Representatives have vowed to abolish the AMT, which was originally implemented to target the wealthy but now impacts more than 4 million upper-middle class taxpayers each year. While the Trump tax plan along with the abolishment of the AMT could alleviate this burden on the middle class, it would likely mean a significant shortage in Treasury funding. Thus, individuals should be prepared for tax changes elsewhere to mitigate this loss in revenue.

 **Itemized Deductions:** Limit deductions to \$200,000 for joint filers and \$100,000 for single filers under Trump's plan. Healthcare tax: The proposal to repeal Obamacare could eliminate the 3.8% net investment income tax as well as the 0.9% Medicare hospital insurance tax.

 **Capital Gains Tax:** Long-term capital gains and qualified dividends could be capped at 20% under Trump's plan. The GOP's plan would tax gains at ordinary rates with a 50% exclusion (50% of


the top rate of 35%, which works out to 17.5% maximum).

Estate Tax: Trump and the GOP both support repealing the estate tax. Trump's plan calls for a capital gains tax on estate assets over \$10 million. Furthermore, Trump has proposed reducing corporate taxes from 35% to 15%, providing repatriation of corporate profits held offshore at a one-time rate of 10%, pass-through entities to also be taxed at 15%. Carried interest income, now taxed as capital gains, will be taxed as ordinary income.

If these changes do in fact occur, we don't know when they would take effect. With so many unknown factors, tax planning and preparation for the year ahead becomes increasingly complex. Stay tuned for updates in tax law proposals and changes as they occur.

Tax Changes Could Be Significant Under New Laws		
	2016 Rates	Trump's Proposal
Income Tax Rates	10%, 15%, 25%, 28%, 33%, 35%, 39.6%	10%, 25%, 35%
Long-Term Capital Gains and Qualified Dividends	0%, 15%, 20%	Same
Alternative Minimum Tax	26%, 28%	Repeal
Patient Protection & Affordable Care Act Taxes (AGI over \$200K Single / \$250K Joint)	3.8% net investment income tax 0.9% medicare hospital insurance tax	Repeal Repeal
Standard Deduction		
Single	\$6,300	\$12,000
Married Filing Joint	\$12,600	\$24,000
Estate Tax	40% top rate \$5,450,000 exclusion (adjusted for inflation)	Repeal Appreciated assets held at death greater than \$10 million would be subject to capital gains tax


Thanks to all of you for your excellent recordkeeping this past tax season. If any tax issues do arise during the year, do not hesitate to call me. Thanks for letting me serve you.

 **Max Wages Subject to Social Security Tax**
The Social Security Administration (SSA) announced that there will be a very small increase (0.2% to 0.5%) in monthly Social Security benefits


in 2017, and that the maximum amount of wages subject to Social Security taxes will increase from \$118,500 in 2016 to \$127,200 in 2017. Earnings above the \$127,200 amount are not subject to the Social Security portion of the payroll tax or used

The IRS Continues To Offer A Simplified Home Office Deduction


to calculate retirement payouts.

 **Earnings Limits Have Increased**

The annual earnings limit for those who both work and claim Social Security benefits will increase to \$16,920 in 2017 for individuals who opt to receive benefits early (ages 62 through 65). For those who turn 66 in 2017, the earning limit increases to \$44,880.

 **Take Advantage of Inflation**
Tax Adjustments
Inflation will have a

nominal effect on approximately 40 tax provisions in 2017. Most notably income brackets widened slightly. This means you can earn a bit more in 2017 without being bumped into a higher tax bracket. Most people claim the standard deduction. Those amounts for each filing status in 2017 are increased, as is the personal exemption amount. However, the amounts you can contribute to your workplace pension plan and individual retirement account in 2017 will remain the same as in 2016.

 **Adjust Withholding Taxes**
Most taxpayers get a Federal tax refund every year. For many of you, it's an easy way to save

See "Tax Tips" on Page 3 >

Tax Planning and Preparation For The Year Ahead Become Increasingly Important

déjà-vu

Once again, Americans got a little extra time to file their taxes (April 18), thanks to the Emancipation Day holiday observed in the District of Columbia. Next year the 2018 filing deadline will once again be extended but by only two days...

April 17, three years in a row with an extended deadline!

- What About Tax Planning? 1
- April 18 Has Come & Gone.....2
- Truth vs. Myth.....3
- A Major Tax Strategy 4
- Tax Tips For You... Now! 4
- Tax Calendar 4

