CPA Practice Advisor

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When Albert Einstein said taxes are the hardest thing in the world (circa 1950), he hadn't even seen the Tax Cut Jobs Act of 2017 (TCJA). This is the year of patience my friends, and the more proactive you are about communicating that to clients, the more zen you, your staff, and your clients' year will be.

Here’s the deal…everyone in our industry is still figuring things out, including the

What will cause the most delays?

The change that gets me flustered is bonus depreciation on new or used assets placed in service post 9/27/17. This is a mandatory method, and you have to opt out on the return by the extended due date by class type (i.e. all 5-year assets grouped together). This could be a headache for taxpayers by creating write-offs that don’t match loan cash flow, losses without benefits (like SE tax), unusable NOL’s, etc. On the other hand, it will also be amazing to fully expense an SUV, but there are still limits on most vehicles.

What are clients surprised about?

Just about everything…here’s a few I’d nip in the bud:

1) Whether their pre-payment of property or state income taxes by 12/31/17 is going to be deductible. This will depend on which state your client is in.

2) That the ACA health coverage penalty does still apply until 12/31/18, and you are required to check the box for e-filing their 2017 return with the IRS.

3) Some provisions expired 12/31/16 and aren’t available in 2017: tuition deduction, MIP deduction, energy credit, and COD on principal residence.

Is there anything easy to consider for 2017 returns?

Well the medical deduction on Schedule A is extended to 7.5% for 2017. Hopefully you told clients to bunch their medical expenses into Dec 2017 as much as possible. Or If you have a client with a business and are looking for a more beneficial way to deduct medical expenses, contact the AICTC ASAP for insight.

Should clients make entity changes right now for the 2018 business tax cuts?

No! There's plenty of time left in the year (and into next year), to make timely (or

and delays. Then carve out groups of clients to project out work each month of busy season, based on organizer responses or prior year info. We've historically had four groups at our practice, but this year I'll have a fifth category:

1) A Clients – those who have a business we prepare monthly financials for (easiest internal K-1s, Spring or Summer filers)

2) B Clients – those who have a business we prepare financials for quarterly or less often (evenly apply throughout the extended season)

3) C Clients – those with complex 1040's with outside K-1s (April estimate, then Fall finalize)

4) D Clients – those with simpler 1040's with no K-1s (March)

5) **NEW** E Clients (for easy as pie) — D clients that have: No mortgage changes after 12/15/17 or new depreciable assets after 9/27/17 (Jan/Feb)

How can I prepare while we twiddle our thumbs and wait?

Take as much CPE as you can get your hands on, join a Facebook group to discuss topics with like-minded professionals. Make sure to proactively communicate (thinking is not doing) potential release dates of your organizer (with new questions for TCJA), filing season expectations, and what impacts your clients' 2017 returns. I'll be sending this out in my February e-newsletter.

For more information and resources, visit https://taxprocenter.proconnect.intuit.com to help you through this busy season.

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