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Mar. 19, 2018



“Taxes – both for individuals and businesses – have changed dramatically and unlike anything ever before in our tax law,” said Steve Moskowitz, our Senior Partner, when addressing a local group of physicians recently.

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However, specific industries are severely limited from this tax break, including but not limited to, anyone performing services in the fields of health, law, accounting, consulting, and investment management.

Individuals and businesses in the service fields should review their tax situation now, in order to take advantage of the new [IRC Section 199A](#).

Steve and Moskowitz LLP are dedicated to making sure people feel knowledgeable, confident and prepared to take advantage of the new tax law. For example, some strategies that we consider when advising our pass-through business clients:

- 1. Smooth taxable income by moving income and deductions between years.** A taxpayer may miss out on the Sec. 199A deduction if a spike in taxable income pushes them over the threshold. Moving income and deductions between years may bring them below the income thresholds.
- 2. Incorporate Sole Proprietorships as a S-Corp.** The Subchapter S election can convert some of the sole proprietor's qualified business income into w-2 wages. If the sole proprietorship pays zero wages, the Sec. 199A deduction may equal zero. If the business instead elects for the sole proprietorship to be taxed as a Subchapter S corporation and breaks the profit into wages and qualified business income, there may be a Sec. 199A deduction.
- 3. Convert 1099 Contractors to Employees.** If W-2 wages limit a taxpayer's Sec. 199A deduction, creating more wages increases the 199A deduction. Employ family members like a spouse or child? Minor children of a sole proprietor or of a partnership can often be employed and escape both payroll taxes and income taxes on that income.

An accomplished tax attorney with three decades of experience under his belt, Steve

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Steve and his dedicated team are here to make sure people feel empowered, confident and prepared to take advantage of the new tax law.

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