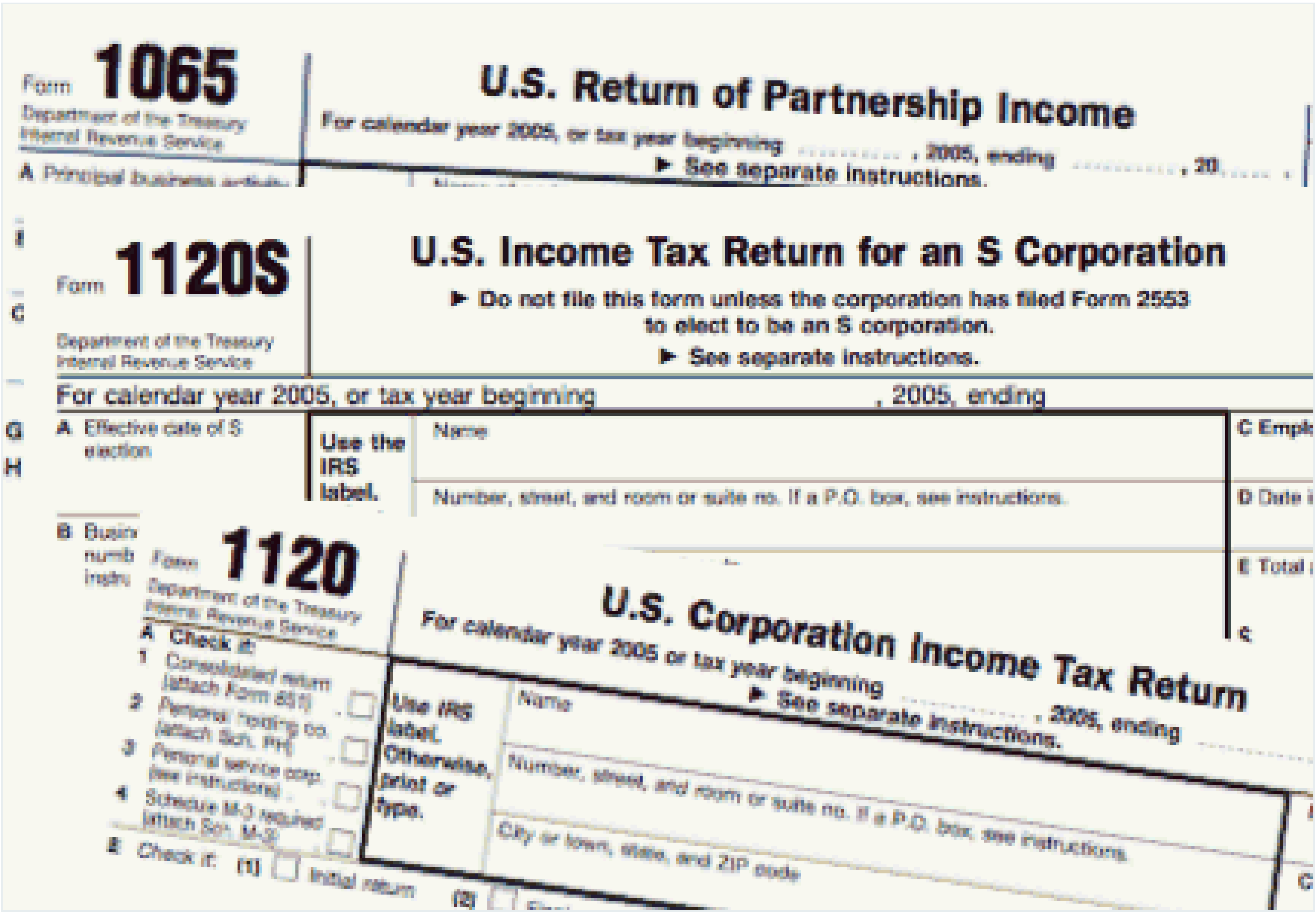
meet their tax obligations.

Oct. 17, 2018




The Internal Revenue Service is reminding business owners that tax reform legislation passed last December affects nearly every business.

With just a few months left in the year, the IRS is highlighting important information for small businesses and self-employed individuals to help them understand and meet their tax obligations.

Here are several changes that could affect the bottom line of many small businesses:

**Qualified Business Income Deduction**



**Temporary 100 percent expensing for certain business assets**

Businesses are now able to write off most depreciable business assets in the year the business places them in service. The 100-percent depreciation deduction generally applies to depreciable business assets with a recovery period of 20 years or less and certain other property. Machinery, equipment, computers, appliances and furniture generally qualify.

Taxpayers can find more information in the proposed regulations.

**Fringe Benefits**

- Entertainment and meals: The new law eliminates the deduction for expenses related to entertainment, amusement or recreation. However, taxpayers can continue to deduct 50 percent of the cost of business meals if the taxpayer or an employee of the taxpayer is present and other conditions are met. The meals may be provided to a current or potential business customer, client, consultant or similar business contact.
- Qualified transportation: The new law disallows deductions for expenses associated with transportation fringe benefits or expenses incurred providing transportation for commuting. There's an exception when the transportation expenses are necessary for employee safety.
- Bicycle commuting reimbursements: Employers can deduct qualified bicycle commuting reimbursements as a business expense for 2018 through 2025. The new tax law also suspends the exclusion of qualified bicycle commuting reimbursements from an employee's income for 2018 through 2025. Employers must now include these reimbursements in the employee's wages.
- Qualified moving expenses reimbursements: Reimbursements an employer pays to an employee in 2018 for qualified moving expenses are subject to federal income

tax. Reimbursements incurred in a prior year are not subject to federal income or



bonds, securities and other similar items.

The tax reform for businesses page has more information on fringe benefit changes.

**Estimated Taxes**

Individuals, including sole proprietors, partners and S corporation shareholders, may need to pay quarterly installments of estimated tax unless they owe less than $1,000 when they file their tax return or they had no tax liability in the prior year (subject to certain conditions). More information about tax withholding and estimated taxes can be found on the agency's Pay As You Go web page as well as in Publication 505, Tax Withholding and Estimated Tax. Publication 505 has additional details, including worksheets and examples, which can help taxpayers determine whether they should pay estimated taxes. Some affected taxpayers may include those who have dividend or capital gain income, owe alternative minimum tax or have other special situations.