

From Gary R. Waitzman
Law Offices of Gary R. Waitzman, L.L.C.

Let's Talk About...



How can we help?

Is there a way we can help you or your family?

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What's new for business Owners in the new Tax Law

Many of our clients are asking how the new tax changes will affect their businesses. We've heard from some clients that they are planning to convert to a C Corporation because of the decrease in the corporate tax rates.

Others have been asking about the newly created Section 199A deduction.

Starting in 2018, this new deduction is available to qualified trades or businesses and can be realized on domestic qualified business income. For most business owners, QBI is essentially your business profit less any investment account income.

Business entities that are eligible include:

- sole proprietorships
- sole owners of rental real estate
- S Corporation and partnership owners.

The deduction can equal as much as 20% of qualified business income. If a business has net profits of \$200k, the deduction could be as much as \$40k.

For larger businesses with income over \$415,000, there will be an alternate formula to use. Essentially, the deduction will equal the lesser of 20% of qualified business income or 50% of the company's payroll. This could mean a very significant deduction.

For owners of certain specified service businesses, the deduction could be quite limited. Specified service businesses include financial professionals, doctors, attorneys and consultants. Architects and engineers are specifically excluded from this classification.

If the taxable income for a professional is more than \$415,000, they would not be entitled to any deduction at all. Not even a limited deduction. For this reason, planning involving reduction of income outside of the business will become valuable.

This is just a brief overview of the deduction. If you think you may qualify and need more detail, let us know and we are happy to work with you to make sure you maximize your tax savings.

If you have questions, [click here](#) to have our office call to set up a time to discuss this with you.