



Tax Reform Updates

Tax Reform

HIGHLIGHTS

LOWER INDIVIDUAL TAX RATES / EXPANDED BRACKETS

2018	24% under \$315k 35% over \$400k 37% over \$600k	2017	25% over \$76k 35% over \$417k 39.6% over \$470k
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ALTERNATIVE MINIMUM TAX EXEMPTION

2018	\$109k Exemption \$1MM Phase-Out	2017	\$86k Exemption \$165k Phase-Out
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ESTATE & GIFT TAX EXCLUSION

2018	\$11.2MM Single \$22.4MM Married	2017	\$5.6MM Single \$11.2MM Married
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Business Updates

CORPORATE TAX RATE REDUCED TO 21%

Double Taxation – Potentially Costly in Maine

COST RECOVERY

- §179 Expensing Permanently Increased to \$1MM
- Bonus Depreciation – 100% through 2022
 - New and Used Property PIS after September 27, 2017
- Like-Kind Exchange Treatment Repealed for Vehicles

PASSTHROUGH INCOME DEDUCTION

20% - Qualified Business Income

- Certain Service Businesses Excluded
- W-2 Wage and Real Property Limitations
- \$315,000 MFJ Exception to Limitations

EMPOWERMENT ZONE BENEFITS EXPIRED 12/31/16



Game Changers

NEW LIMITATIONS

- Net Interest Expense – Limited to 30% Adjusted TI
 - Exemption – Average Annual Gross Receipts < \$25MM
 - Special Partnership Rules
- Excess Business Losses
 - Applied After Passive Loss Rules
- Net Operating Losses
 - Carrybacks Disallowed
 - New Limitation – 80% of Taxable Income
- Meals & Entertainment
- Itemized Deductions

Exempt Entity Changes

DIRECT IMPACT ON TAX EXEMPT ORGANIZATIONS

EXCISE TAX OF 21% ON EXECUTIVE COMPENSATION

- Amounts > \$1 million for top 5
- Golden parachute separation pay > 3 X base pay
- Excludes payments for medical or veterinary services

COMPUTE UBI SEPARATELY

- NOLs tracked separately
- New tax rates and NOL rules apply to UBI as well

INCLUSION OF CERTAIN FRINGES IN UBI

- Qualified transportation fringes, qualified parking, and on-premises athletic facilities
- Effective for amounts paid or incurred after 12/31/2017
- Excise tax on investment income of certain private colleges and universities
- Moving expenses are no longer tax-free fringe benefit