

Tax Cuts and Jobs Act

3rd Edition

Danny Santucci

Table of Contents

Section One	1
Learning Objectives	1
Introduction.....	1
Rates, Standard Deduction, Exemptions, and Credits	1
Individual Income Tax Rates – 7 Brackets but Lower Rates	1
Unearned Income of Children – Simplified Taxation	2
Capital Gain and Qualified Dividend Rate	3
Standard Deduction Increased	3
Personal Exemptions Repealed	4
Alternative Minimum Tax Exemption Increased	4
New Inflation Adjustment	5
Business Income of Individuals – 20% Deduction.....	5
Child Tax Credit (Enhanced) and Family Tax Credit (New).....	5
Limitation on Noncorporate Losses	6
Education Incentives.....	6
Education Savings Rules Modified	6
Discharge of Student Loan Indebtedness Expanded	7
Rollovers Between §529 Tuition and ABLE Programs	8
ABLE Account Contributions Modified.....	8
Deductions	8
Overall Limitation on Itemized Deductions Repealed.....	8
Mortgage Interest Limited	9
State and Local Taxes (SALT) Limited	9
Personal Casualty Losses Repealed	10
Wagering Losses Limited.....	10
Charitable Contributions Modified	10
Review Questions.....	12
Review Answers	13
Section Two	15
Learning Objectives	15
Itemized Deductions Subject to 2% Floor Fully Denied.....	15
Medical Expense Deduction Was Temporarily Returned to 7.5%.....	16
Alimony Payment Deduction Repealed	16
Deduction for Moving Expenses Repealed.....	16
Exclusions	17
Bicycle Commuting Reimbursement Suspended	17
Employee Achievement Awards Exclusion Modified.....	17
Moving Expense Reimbursement Exclusion Repealed.....	17
Savings, Pensions, and Retirement.....	18
Special Roth IRA Recharacterization Repealed.....	18
Rollover Period for Plan Loan Offset Amounts Extended.....	18
Public Safety Volunteer Service Award Programs Modified	18
Estate and Generation-Skipping Transfer Taxes	19
ACA Individual Mandate Repealed.....	19
Review Questions.....	20
Review Answers	21
Section Three	23
Learning Objectives	23
Business Taxation	23
Corporate Tax Rate Reduced to 21%.....	23
Additional First Year (Bonus) Depreciation Increased.....	24
Luxury Automobiles Depreciation Increased.....	25

Table of Contents

Recovery Period of Certain Farm Property Shortened	25
Qualified Leasehold and Improvement Property Combined	25
10 Year ADS for Electing Farming Businesses	26
Expensing Under §179 Increased	26
Small Business Accounting Methods Expanded	27
S to C Corporate Conversion Rules Modified	28
Beneficiaries of an Electing Small Business Trust	28
Charitable Deduction for Electing Small Business Trust	29
Business Interest Limited	29
Net Operating Loss Deduction Modified	30
Like-kind Exchanges Limited to Real Property	30
Business Capitalization Clarified	31
Local Lobbying Expenses Deduction Exception Repealed	31
Deduction for Domestic Production Activities Repealed	31
Entertainment Activities or Facilities Deduction Repealed	32
UBTI Increased by Taxable Fringe Benefits	33
FDIC Premium Deduction Limited	33
Securities Rollover into SSBICs Repealed	33
Self-Created Property Not Capital Asset	34
Technical Termination of Partnerships Repealed	34
Increased Holding on Certain Received Profit Interests	34
Built-In Loss Definition on Transfer of Partnership Interest	35
Limitation on Allowance of Partner's Share of Loss	35
5-Year Amortization of Research and Experimental Expenditures	36
Rules for Taxable Year of Inclusion Expanded	36
Denial of Deduction for Certain Fines Expanded	36
Denial of Deduction for Sexual Harassment Settlements	37
Drug Credit for Rare Diseases Reduced	37
Rehabilitation Credit Modified	37
New Credit for Paid Family and Medical Leave	37
Review Questions	39
Review Answers	40
Section Four	41
Learning Objectives	41
Bonds	41
Advance Refunding Bonds Repealed	41
Tax Credit Bonds Repealed	41
Insurance	41
Net Operating Losses of Life Insurance Companies Changed	41
Small Life Insurance Company Deduction Repealed	42
Computation of Life Insurance Tax Reserves	42
Adjustment for Change in Computing Reserves Changed	43
Proration of Dividends-Received Deduction Modified	43
Special Distribution Rule for Pre-1984 Accounts Repealed	43
Proration for Property and Casualty Companies Modified	44
Discounting for Property and Casualty Companies Modified	44
Special Estimated Tax Payments Repealed	45
Capitalization of Certain Policy Acquisition Expenses Modified	45
Tax Reporting for Life Settlement Transactions New Reporting	45
Compensation	46
Excessive Employee Remuneration Limitation Modified	46
Tax-Exempt Organization Executive Compensation Tax	46
Qualified Equity Grants Taxation	47
Excise Tax on Expatriated Corporate Stock Compensation	48
Selected International Provisions	48
Foreign-Source Dividends Deduction	48

Table of Contents

Transfers with Specified 10%-Owned Foreign Corporations	49
Deemed Repatriation of Deferred Foreign Income.....	49
Domestic Taxable Income Offset Election	50
Foreign-Derived Intangible Income Deduction	50
Indirect Foreign Tax Credits Repealed	51
Source of Income from Sales of Inventory Modified.....	51
Passive Foreign Investment Insurance Exception.....	51
Fair Market Value of Interest Expense Apportionment.....	52
Foreign Person Sale of U.S. Partnership Interest	52
Exempt Organizations.....	52
Unrelated Business Income Tax (“UBIT”).....	53
Excise Taxes	53
Review Questions.....	54
Review Answers	55
Glossary.....	57
Index	59