

Abstract: Now more than ever, small business owners need to double-check their tax returns before filing. Why? Because many of the changes ushered in by the Tax Cuts and Jobs Act take effect with the 2018 tax year. This brief article notes some important revisions.

Small business owners should double-check their tax returns

Now more than ever, small business owners need to double-check their tax returns before filing. Why? Because many of the changes ushered in by the Tax Cuts and Jobs Act take effect with the 2018 tax year.

So, if you're about to file, perhaps slow down and go over your return one more time with your CPA. And if you've already filed, don't forget that you can generally file an amended return within three years of the original filing or within two years of the date on which you paid the tax (whichever is later).

What are some new or expanded tax breaks? First, there's the increase of bonus depreciation to 100% and expansion of qualified assets to include *used* assets — effective for assets acquired and placed in service after September 27, 2017, and before January 1, 2023. The Section 179 expensing limit has also been increased to \$1 million and the expensing phaseout threshold has been raised to \$2.5 million. (These amounts will be indexed for inflation after 2018.)

Some tax breaks have been reduced or even eliminated. For example, deductions for net interest expense exceeding 30% of a company's adjustable taxable income are now disallowed (with some exceptions). There are also new limits on net operating loss deductions and on excessive employee compensation. Also limited are deductions for certain employee fringe benefits, such as entertainment and, in some circumstances, meals and transportation.

These are just a handful of the items that have undergone notable changes from last tax year to this one. We can help you identify how your small business has been affected and how to adjust your tax planning accordingly.

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