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Overview

- New for 2018
- Tax Extenders
- Updated Tax Rates
- Realtor Deductions
- Best record keeping practices



New For 2018

- Qualified Business Income (QBI) is a realtors dream!
- Tax 20% and run
- New Tax Rates
- Depreciation- 100% bonus depreciation now available (careful of recapture rules - also affects QBI)



Extenders (hopefully)

- Above-the-line deduction for college tuition and fees,
- Ability to claim private mortgage insurance premium payments as deductible mortgage interest,
- Exclusion of home-related forgiven debt from your taxable income, and
- Electric vehicle tax credit



New Tax Rates

• SINGLE TAXPAYERS			
2018 Tax Rates – Standard Deduction \$12,000		2017 Tax Rates – Standard Deduction \$6,350	
10%	0 to \$9,525	10%	0 to \$9,325
12%	\$9,525 to \$38,700	15%	\$9,325 to \$37,950
22%	\$38,700 to \$82,500	25%	\$37,950 to \$91,900
24%	\$82,500 to \$157,500	28%	\$91,900 to \$191,650
32%	\$157,500 to \$200,000	33%	\$191,650 to \$416,700
35%	\$200,000 to \$500,000	35%	\$416,700 to \$418,400
37%	Over \$500,000	39.6 0%	Over \$418,400



New Tax Rates

MARRIED FILING JOINTLY & SURVIVING SPOUSES			
2018 Tax Rates – Standard Deduction \$24,000		2017 Tax Rates – Standard Deduction \$12,700	
10%	0 to \$19,050	10%	0 to \$18,650
12%	\$19,050 to \$77,400	15%	\$18,650 to \$75,900
22%	\$77,400 to \$165,000	25%	\$75,900 to \$153,100
24%	\$165,000 to \$315,000	28%	\$153,100 to \$233,350
32%	\$315,000 to \$400,000	33%	\$233,350 to \$416,700
35%	\$400,000 to \$600,000	35%	\$416,700 to \$470,700
37%	Over \$600,000	39.6 0%	Over \$470,700



New Tax Rates

MARRIED FILING SEPARATELY			
2018 Tax Rates – Standard Deduction \$12,000		2017 Tax Rates – Standard Deduction \$6,350	
10%	0 to \$9,525	10%	0 to \$9,325
12%	\$9,525 to \$38,700	15%	\$9,325 to \$37,950
22%	\$38,700 to \$82,500	25%	\$37,950 to \$76,550
24%	\$82,500 to \$157,500	28%	\$76,550 to \$116,675
32%	\$157,500 to \$200,000	33%	\$116,675 to \$208,350
35%	\$200,000 to \$500,000	35%	\$208,350 to \$235,350
37%	Over \$500,000	39.6 0%	Over \$235,350



New Tax Rates

HEAD OF HOUSEHOLD			
2018 Tax Rates – Standard Deduction \$18,000		2017 Tax Rates – Standard Deduction \$9,350	
10%	0 to \$13,600	10%	0 to \$13,350
12%	\$13,600 to \$51,800	15%	\$13,350 to \$50,800
22%	\$51,800 to \$82,500	25%	\$50,800 to \$131,200
24%	\$82,500 to \$157,500	28%	\$131,200 to \$212,500
32%	\$157,500 to \$200,000	33%	\$212,500 to \$416,700
35%	\$200,000 to \$500,000	35%	\$416,700 to \$444,500
37%	Over \$500,000	39.6 0%	Over \$444,500



Depreciation

- **After 2017, Sec. 179 expensing is available for the following improvements made to nonresidential real property**
 - Qualified improvement property to a building's interior, except improvements attributable to the enlargement of the building, elevators, escalators, or the internal structural framework of the building.
 - Roofs, HVAC, fire protection, alarm systems, and security systems
 - 100% Bonus Depreciation also available



Realtor Deductible expenses

- Auto
- Office Supplies
- Business Travel
- Meals
- Phones, Tablets, and Computers
- Legal and professional
- Your 20% QBI deduction



Qualified Business Income (QBI)

- You may take a 20% deduction against your net income
- After expenses you only have to pay tax on 80% of your net income (profit)
 - Exclusions:
 - ❖ fields of health, law, accounting, actuarial science, performing arts, consulting, athletics, financial services, and brokerage services, this deduction is not allowed for single taxpayers with taxable income above \$157,500 (filing single) or \$315,000 (married filing jointly).
 - ❖ **Real estate professionals** are not considered a personal service business for purposes of this deduction.



Opportunity Zone Tax Incentive

- Created under TCJA, are designed to spur investment in distressed communities throughout the U.S. through tax benefits. Investors may defer tax on almost any capital gains up to 12/31/2026 by making an investment in a zone, making an election after December 21, 2017, and meeting other requirements

Record Keeping

- You don't need a receipt for anything under \$75
- Save your receipts. Credit card statements are not sufficient in the event of an audit.
- Use a separate business bank account. Makes tracking business expenses easier.
- Use software to track your miles (I.e. MileIQ)
- Take photos of receipts (consider software like QuickBooks)

Contact Us

Two offices for your convenience:

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Maximize your savings with a customized tax plan.