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November 2018

THE TAX CUT AND JOBS ACT REFORM'S MAJOR IMPACT ON YOUR 2018 AND FUTURE TAXES!

Dear Clients and Friends,

The historic Tax Cuts and Jobs Act is the largest package of tax reforms since 1986 tax rule changes, affecting much more change than even that bill. It was intended to create tax savings for the great majority of individual and business taxpayers while stimulating long-term economic growth, wealth formation, confidence and jobs. With all 2017 tax returns prepared by our firm, we have provided 2018 tax projections with line item comparisons of changes to highlight the effect of new rules, regulations and rates. Most clients realize savings with the new reforms, and some expect very significant savings percentage-wise, at all tax levels.

Savings in 2018 are mostly due to rate reductions achieved by raising thresholds at each tax rate, reducing/consolidating tax rates and greatly increasing standard deductions for most taxpayers. While personal exemptions and some deductions are eliminated or reduced in 2018, child tax credits are expanded to include more families, deduction-killing alternative minimum taxes are nearly eliminated, and significant tax savings are possible through additional deductions on business and real estate profits reported by individual taxpayers. Additionally, the prospect of high estate taxes has been nearly erased in 2018.

Changes are so numerous that the stated goal of true simplicity has not yet been realized for most taxpayers, except for those joining the large number now not required to file. As usual, we have included some specific information regarding changes for 2018 in commonly applicable areas of taxpayer interest to assist planning for maximum tax savings for you this year. Action ideas are included, and they have never before been so impactful in achieving HUGE tax savings through informed planning before year-end.

COMPARATIVE 2017 AND 2018 TAX RATES AND BRACKETS
(BIG CHANGE IN 2018)

	Joint or Surviving Spouse	Single	H of H	Married filing separately
2017 10% RATE ENDS	$ 18,650	$ 9,325	$ 13,350	$ 9,325
2018 10% RATE ENDS	$ 19,050	$ 9,525	$ 13,600	$ 9,525
2017 15% RATE ENDS	$ 75,900	$ 37,950	$ 50,800	$ 37,950
2018 12% RATE ENDS	$ 77,400	$ 38,700	$ 51,800	$ 38,700
2017 25% RATE ENDS	$153,100	$ 91,900	$131,200	$ 76,550
2018 22% RATE ENDS	$165,000	$ 82,500	$ 82,500	$ 82,500

COMPARATIVE 2017 AND 2018 TAX RATES AND BRACKETS (BIG CHANGE IN 2018) continued

2017 28% RATE ENDS	$233,350	$191,650	$212,500	$116,675
2018 24% RATE ENDS	$315,000	$157,500	$157,500	$157,500
2017 33% RATE ENDS	$416,700	$416,700	$416,700	$208,350
2018 32% RATE ENDS	$400,000	$200,000	$200,000	$200,000
2017 35% RATE ENDS (39.5% IN EXCESS)	$470,700	$418,400	$444,500	$235,350
2018 35% RATE ENDS (37% IN EXCESS)	$600,000	$500,000	$500,000	$300,000

Additional taxes, such as the .9% additional Medicare health insurance tax applicable to employee wages and self-employed income over $200,000 (or $250,000 for combined wages and self-employment income on a joint return), 3.8% net investment income (NII) tax on the lesser of NII or excess of modified adjusted gross income over $250,000 for joint filers or surviving spouses, $125,000 for married filing separately, and $200,000 for others, for both years, and net capital gains taxes at rate of 20% if it would be taxed at 39.6% if ordinary income, 15% rate if it would have been taxed at ordinary income rates from 15% and 35%, or zero if less, or rates of 28% on collectible gains and 25% on unrecaptured section 1250 property depreciation, plus deduction limitations, alternative minimum taxes, available credits and applicable penalties can materially alter your effective tax rates. **For 2018, long-term capital gains and qualified dividend rates (except for "kiddie tax" calculations):**

	MFJ	Single	H of H	MFS
0%	$ 77,200	$ 38,600	$51,700	$ 38,600
15%	$ 77,201-$479,000	$ 38,601-$425,800	$ 51,701-$452,400	$ 38,601-$239,500
20%	Over $479,000	Over $425,800	Over $452,400	Over $239,500

BIG 2018 CHANGES OF NOTE

Standard deduction amount. For 2018, the standard deduction amount has been increased for all filers. The amounts are: $12,000 for single or married taxpayers filing separately; $24,000 for married filing jointly or qualifying widows or widowers; and $18,000 for heads of household. Due to higher standard deduction, many taxpayers will no longer itemize and some will no longer need to file. See additional deductions for elderly and blind and standard deductions for dependents of another in schedules below.

Personal exemption. For 2018, taxpayers can't claim a personal exemption deduction for themselves, their spouses, or their dependents. However, for taxpayers with qualifying children or other dependents, credits are now more generous than exemptions were previously.

Child tax credit and additional child tax credit. For 2018, the maximum child tax credit has increased to $2,000 per qualifying child, of which $1,400 can be claimed for the additional child tax credit. The modified adjusted gross income threshold at which the credit begins to phase out has been increased to $200,000 ($400,000 if married filing jointly).

New credit for other dependents. If taxpayers have a dependent, they may be able to claim the credit for other dependents. The credit is a $500 nonrefundable credit for each eligible dependent who can't be claimed for the child tax credit. A taxpayer uses the Child Tax Credit and Credit for Other Dependents Worksheet to figure this new credit.

BIG 2018 CHANGES OF NOTE (continued)

Itemized deduction changes. For 2018, changes to the itemized deductions that can be claimed on Schedule A include: Overall itemized deductions are no longer limited because the taxpayer's adjusted gross income is over a certain limit; a taxpayer's deduction of state and local income, sales, and property taxes is limited to a combined total deduction of $10,000 ($5,000 if married filing separately); and a taxpayer can no longer deduct job-related expenses or other miscellaneous itemized deductions that were subject to the 2%-of-adjusted-gross-income floor.

Only "acquisition indebtedness" paid is deductible (and limited for loans after 12/16/2017 to interest on the first $750,000 ($375,000 MFS). For loans taken by 12/15/2017, the old limits of $1,000,000/$500,000 apply. Medical deductions still qualify with AGI thresholds of 7.5% (vs. former 10% under 65). Personal casualty losses, not federally declared disasters, are no longer deductible.

The Tax Cut and Jobs Act's near-doubling of standard deductions will have significant impact on tax planning by reducing the value of paying out-of-pocket medical expenses or charitable donations. Older taxpayers taking required distributions from retirement savings should consider directing custodians to make direct donations from IRA accounts to satisfy some or all required distributions tax-free, while reducing AGI which can also lower other payments such as medicare premiums, taxable social security, capital gains rates, deductible medical and healthcare premium reimbursement this year.

Alternative minimum tax exemption amount. The alternative minimum tax (AMT) exemption amount is increased to $70,300 ($109,400 if married filing jointly or a qualifying widow or widower; $54,700 if married filing separately). The income levels at which the AMT exemption begins to phase out has increased to $500,000 ($1,000,000 if married filing jointly or a qualifying widow or widower).

Section 965 deferred foreign income. If taxpayers own (directly or indirectly) certain foreign corporations, they may have to include on their return certain deferred foreign income. Taxpayers may pay the entire amount of tax due with respect to this deferred foreign income this year or elect to make payment in eight installments or, in the case of certain stock owned through an S corporation, elect to defer payment until the occurrence of a triggering event.

Section 951A global intangible low-taxed income. If taxpayers are U.S. shareholders of a controlled foreign corporation (CFC), they must include their global intangible low-taxed income (GILTI) in their income. If they own an interest in a domestic pass-through entity that is a U.S. shareholder of a CFC, they may have a GILTI inclusion related to that interest, even if they are not a U.S. shareholder of the CFC.

Expired tax benefits: The optional deduction for qualified tuition and fees, mortgage insurance premium deduction, and the non-business energy property credit are no longer available, as of this writing. Former Code Section 199 domestic production activities deduction (DPAD) has also been repealed with limited exceptions.

Deductions for business losses on individual returns. Trade or business losses exceeding $500,000 threshold for couples and $250,000 for other filers is non-deductible with excess carried forward.

Joint estate tax and lifetime gifts exclusion increased to $11,180,000 in 2018.

Section 529 education accounts: Qualified distributions are expanded to include elementary/secondary public, private or religious schools.

Beginning 2019: For divorces finalized in 2019 or later, **alimony payments** will no longer be deductible to payor or includable as income to payee (unless decree pre-dates 2019); **the penalty for not having health insurance** disappears for 2019. Foreign account and income reporting remains of critical importance.

MODIFIED TAX RATES ON BUSINESS INCOME
(BIG CHANGE IN 2018)

The Tax Cut and Jobs Act (TCJA) reduced C corporate tax rates very significantly to 21% maximum, repealed the corporate alternative minimum tax, imposed new rules regarding taxation of multinational entities, imposed new limitations on business interest deductions to 30% of adjusted taxable income for some types of debt for entities with revenue in excess of $25,000,000, and modified rules governing net operating losses which limit deduction to 80% of taxable income and eliminating carryback option beginning 2018, made significant changes to depreciation and expensing provisions, and created a new Code Sec. 199A "pass-through" deduction for qualified business income.

DETERMINING ELIGIBILITY FOR AND AMOUNT OF
THE NEW DEDUCTION OF 20% OF QUALIFIED BUSINESS INCOME

Individual taxpayers reporting qualified business income (QBI) from a domestic business operated as a proprietorship or through a partnership, S corporation, trust or estate may qualify. Income earned through a C corporation or by providing services as an employee is not eligible, such as wages or guaranteed payments.

1. For taxpayers with taxable income exceeding $315,000 for a married couple filing jointly (MFJ) or $157,500 for all other taxpayers, the deduction is subject to limitations based upon the type of trade or business, taxpayer's taxable income, the amount of W-2 wages paid by the qualified trade or business and the unadjusted basis immediately after acquisition (UBIA) of qualified property held by the trade or business.

2. Eligible taxpayers also may qualify for up to 20% of their combined qualified real estate investment trust (REIT) dividends and qualified publicly traded partnership (PTP) income, which are not limited by W-2 wages or UBIA of qualified property.

The sum of 1 and 2 amounts above represent the taxpayer's combined qualified business income amount, with eligible deduction being the lessor of this amount and an amount equal to 20% of the taxpayer's taxable income minus taxpayer's net capital gain.

LIMITATIONS APPLICABLE TO AMOUNT OF
QUALIFIED BUSINESS INCOME DEDUCTION

Qualified business income (QBI) is the net amount of qualified items of income, gain, deduction and loss included in taxable income of any qualified trade or business effectively connected with a US trade or business. Capital gains and losses, certain dividends and interest income are excluded.

A qualified trade or business is any trade or business except:

1. Specified service trade or business (SSTB), which includes a trade or business involving performance of services in the fields of health, law, accounting, actuarial science, performing arts, consulting, athletics, financial services, investing and investment management, trading, dealing in certain assets, or any trade or business where the principal asset is the reputation or skill of one or more of its employees. This exception applies only if a taxpayer's taxable income exceeds $315,000 for a married couple filing jointly or $157,500 for all other taxpayers.

2. Performing services as an employee.

LIMITATIONS APPLICABLE TO AMOUNT OF QUALIFIED BUSINESS INCOME DEDUCTION (continued)

Computing eligible qualified business income deduction for qualified trade or business:

A. For all qualified trade or businesses (including SSTBs) when taxpayer's taxable income is below $315,000 (MFJ) and $157,500 for others, the deduction is the lesser of:

   i. 20% of the taxpayer's QBI, plus 20% of qualified REIT and qualified PTP income or

   ii. 20% of the taxpayer's taxable income minus capital gains.

B. If taxpayer's taxable income exceeds $315,000/$157,500 thresholds:

   i. For specified service trade or business (SSTB) deduction is limited in 2018 by comparing 20% QBI to the greater of 50% of W-2 wages from the business or 25% of W-2 wages plus 2.5% of unadjusted basis of qualified property held by the trade or business, with no qualified business income deduction for SSTBs if taxable income exceeds its phase out limit of $415,000 (married/joint) or $207,500 (all others).

   ii. However, non SSTB qualifying entities remain eligible within limitations described in B.*i.*

Additional Tax Rates, Deductions and Limits

(Please consult for applicability in your circumstances)

	2017	2018	2019
Mileage Rates:			
Business Auto Use	53.5 cents/mi.	54.5 cents/mi.	
Amount of bus. mileage rate treated as depreciation	25 cents/mi.	25 cents/mi.	
Medical and Moving Use	17 cents/mi.	18 cents/mi.	
Charitable use	14 cents/mi.	14 cents/mi.	
Estate and Gift Tax Unified Exclusion:	$5,490,000	$11,180,000	
Highest rate	40% (at $1,000,000)	40% (at $1,000,000)	
Annual Taxable Non-Spouse Gift Exclusion/per donee	$ 14,000	$ 15,000	
With maximum annual exclusion to non-U.S. citizen spouse:	$ 149,000	$ 152,000	
And unlimited exclusion to U.S. citizen spouse			
Social Security:			
FICA Taxable Wage Base (no limit on Medicare tax)	$ 127,200	$ 128,400	$132,900
Maximum earnings to still receive Full Retirement Benefit:			
Under Full Retirement Age (FRA) ($1 benefit withheld for each $2 above)	$ 16,920	$ 17,040	$ 17,640
Year FRA attained to month FRA reached ($1 benefit withheld for each $3 above)	$ 44,880	$ 45,360	$ 46,920
Earnings limit after FRA	No Limit	No Limit	No Limit
Earnings needed to earn credit for one quarter of coverage	$ 1,300	$ 1,320	$ 1,360
Maximum of four credits a year	$ 5,200	$ 5,280	$ 5,440
Cost of Living Adjustment	.3%	2.0%	2.8%
"Nanny Tax" threshold	$ 2,000	$ 2,100	$ 2,100

Additional Tax Rates, Deductions and Limits (continued)

Kiddie Tax on unearned income is calculated at parent's highest rate in 2017 and at higher trust rates in 2018:

Ordinary Income:	$0-$2,550	10%	Capital Gains: $0-$2,599	0%
	$2,551-$9,150	24%	$2,600-$12,699	15%
	$9,151-$12,500	35%		
	Over $12,500	37%	$12,700 and over	20%

In excess of $2,100: (1st $1,050 exempt; 2nd $1,050 at child's rate)

Child Tax Credit (Big change in 2018!)	2017	2018	2019
Per child credit (up to $1,400 of the credit is refundable In 2018)	**$ 1,000**	**$ 2,000**	**$ 2,000**
Modified AGI phase-out begins:			
Married filing jointly	$ 110,000	$ 400,000	$ 400,000
Married filing separately	$ 55,000	$ 200,000	$ 200,000
All others	$ 75,000	$ 200,000	$ 200,000
IRA:			
Base Contribution	$ 5,500	$ 5,500	$ 6,000
Age 50 Catch Up Contribution	$ 1,000	$ 1,000	$ 1,000
Deductible IRA Phase-out:			
Joint Filer-plan participant	$99,000-$118,999	$101,000-$120,999	$103,000-$123,000
Joint Filer-not a plan participant married to a plan participant	$186,000-$195,999	$189,000-$198,999	$193,000- $203,000
Single/HOH plan participant/MFS-not living w/ spouse	$ 62,000-$ 71,999	$ 63,000-$ 72,999	$ 64,000-$ 74,000
MFS-lived with spouse during the year	$ 0-$10,000	$ 0-$10,000	$ 0-$10,000
Roth IRA Phase-out:			
Married Filing Jointly	$186,000-$196,000	$189,000-$199,000	$193,000-$ 203,000
Single/HOH	$118,000-$133,000	$120,000-$135,000	$122,000-$ 137,000
Married Filing Separately	$ 0-$10,000	$ 0-$10,000	$ 0-$10,000

Important note of new rollover restriction - only one rollover in any 12-month period from any IRA account of taxpayer (**may do multiple direct transfers,** however); and no more recharacterization of Roth IRA conversions beginning with 2018 conversions.

Simple IRA:	2017	2018	2019
Base Contribution	$ 12,500	$ 12,500	$ 13,000
Age 50 Catch-Up	$ 3,000	$ 3,000	$ 3,000
401(k), 403(b), and 457 Plans:			
Base Contribution	$ 18,000	$ 18,500	$ 19,000
Age 50 Catch-Up	$ 6,000	$ 6,000	$ 6,000
Profit-Sharing Plan/SEP Contribution Limit	$ 54,000	$ 55,000	$ 56,000
SEP compensation threshold for coverage	$ 600	$ 600	$ 600
Annual Compensation Limit for Profit-Sharing and SEP Contributions	$ 270,000	$ 275,000	$ 280,000
Defined Benefit Plan Annual Contribution Limit	$ 215,000	$ 220,000	$ 225,000

Additional Tax Rates, Deductions and Limits (continued)

		2017	2018
Personal Exemptions (none for dependent child claimed by parent)	$	4,050	N. A.

Personal Exemption Phase-Out (PEP) (in 2017)
2% for each $2,500 (or fraction thereof)
by which AGI exceeds following threshold/**complete AGI**

	2017	2018
Joint Filers and Qualified Widows	$313,800-$436,300	N. A.
Single Filers	$261,500-$384,000	
Heads of Household	$287,650-$410,150	
Married Filing Separately: (each $1,250 bracket, vs. $2,500)	$156,900-$218,150	

Reduction in Itemized Deductions (Pease Limitation)
By 3% of excess of AGI over amounts above, up to 80% of itemized deductions otherwise available (same beginning thresholds as PEP above) in 2017 — N. A.

Standard Deduction (Big Changes):		2017		2018
Single	$	6,350	$	12,000
Married Filing Jointly and Qualified Widower	$	12,700	$	24,000
Married Filing Separately	$	6,350	$	12,000
Head of Household	$	9,350	$	18,000
Additional Deduction for Elderly and Blind:				
Single and Heads of Household	$	1,550	$	1,600
Married and Surviving Spouses (for each, as applicable)	$	1,250	$	1,300
Married Filing Separate if spouse itemizes and Nonresident Alien Individual	$	0	$	0

Dependent of Another:
Greater of $1,050 or $350 plus earned income not to exceed the regular standard deduction (plus $1,550 for blind dependent)

Earned Income Credit:	2017 Earned Inc/ AGI Less Than SGL/HOH	2017 Earned Inc/ AGI Less Than MFJ	2017 Max Credit	2018 Earned Inc/ AGI Less Than SGL/HOH	2018 Earned Inc/ AGI Less Than MFJ	2018 Max Credit
No Qualifying Children	$15,010	$20,600	$ 510	$15,270	$20,950	$ 519
1 Qualifying Child	$39,617	$45,207	$3,400	$40,320	$46,010	$3,461
2 Qualifying Children	$45,007	$50,597	$5,616	$45,802	$51,492	$5,716
3 or More Children	$48,340	$53,930	$6,318	$49,194	$54,884	$6,431

(MFS does not qualify; Investment income limit = $3,450 in 2017; $3,500 IN 2018)

Additional Rates, Deductions and Limits (continued)

Education Credits:

American Opportunity Credit (AOC):

Credits are available for the first four years of qualifying undergraduate higher education tuition and fees required for attendance at accredited institutions for each qualified taxpayer, spouse, and dependent (see phase-out modified AGI limits) for both 2017 and 2018:

Up to 100% of first	$2,000
25% of next	$2,000
Phase-out range:	$160,000-$180,000 MFJ; $80,000-$90,000 Others; (None for MFS) 2016 and 2017

Note: Taxpayers claiming the AOC credit must report the employer identification number of the educational institution paid. Up to 40% of eligible credit ($1,000) is refundable if no tax to offset.

Lifetime Learning Credit:

Only one credit per taxpayer (not combined with AOC for student)	2017	2018
20% of up to	$10,000	$10,000
Phase-out range:	$112,000-$132,000 MFJ	$114,000-$134,000 MFJ
(None for MFS)	$56,000-$66,000 for All Others	$57,000-$67,000 for All Others

Optional "above the line" deductions of up to $4,000 paid tuition	2018
for taxpayers whose modified AGI doesn't exceed $65,000 ($130,000 for MFJ) or $2,000 for taxpayers with modified AGI exceeding $65,000 ($130,000 for MFJ) but doesn't exceed $80,000 ($160,000 for MFJ) in 2017	N.A.

	2017	2018
Foreign Earned Income Exclusion	$102,100	$103,900
Foreign housing costs between 16% and 30% of excluded amount can also be excluded to maximum (increased in high-cost localities) amounts of	$ 14,294	$ 14,546

Alternative Minimum Tax:	2017 Exemption/Phase-Out	2018 Exemption/Phase-Out begins
Married Filing Jointly or Qualified Widow/less 25% of AMTI in phase-out	$84,500/$160,900-$498,900	$109,400/$1,000,000
Single or HOH/less 25% of AMTI in phase-out	$54,300/$120,700-$337,900	$ 70,300/$500,000
Married Filing Separately/less 25% of AMTI in phase-out	$42,250/$80,450-$249,450	$ 54,700/$500,000

Big Increase in Available Section 179 Write-Off of Qualified Business Assets in Service in Acquisition Year Against Income:

	2017	**2018**
Overall limit	$ 510,000	**$1,000,000**
Qualifying property phase-out	$2,030,000	**$2,500,000**
SUV .limit (subject to early disposal recapture)	$ 25,000	**$ 25,000**

Additional Rates, Deductions and Limits (continued)

Big Bonus Depreciation Increase after 9/27/17 (not subject to Section 179 limitations):
Bonus depreciation percentage increases from 50% (for qualified property acquired before 9/28/17, and placed in service before 1/1/18) to 100% and eligible property is expanded to include used and new qualified property acquired and placed in service after 9/27/17.

Higher Depreciation Limits are placed on luxury autos and personal use property in 2018.

Health Savings Account (HSA) Limitations:	2017	2018
Self-Plan	$ 3,400	$ 3,450
Family-Plan	$ 6,750	$ 6,900
Age 55 Catch Up	$ 1,000	$ 1,000
Minimum Deductible - Self-Plan	$ 1,300	$ 1,350
Minimum Deductible - Family-Plan	$ 2,600	$ 2,700
Maximum Deductible - Self-Plan	$ 6,550	$ 6,650
Maximum Deductible - Family-Plan	$ 13,100	$ 13,300
Flexible Spending Arrangement (FSA) – Limit of voluntary employee salary reduction for contributions to cafeteria plan	$ 2,600	$ 2,650
Long-Term Care Deduction Limitations:		
Age 40 or younger	$ 410	$ 420
Age > 40 but < 50	$ 770	$ 780
Age > 50 but < 60	$ 1,530	$ 1,560
Age > 60 but < 70	$ 4,090	$ 4,160
Age > 70	$ 5,110	$ 5,200

Student Loan Interest Deduction (2017 and 2018):
Maximum $2,500
With modified AGI phase-outs of - $135,000-$165,000 for MFJ; $65,000-$80,000 for All Others

EE and I Series Savings Bond Interest Income is Excluded to extent proceeds are used to pay higher education costs not in excess of qualified expenses with modified AGI phase-outs:	2017	2018
	$117,250-$147,250 MFJ	$119,300-$149,300 MFJ
	$78,150-$93,150 S & HOH	$79,550-$94,550 S & HOH
	None for MFS	None for MFS

Retirement Saver's Non-Refundable Credit:
may be available to lower income contributors for IRA and Qualified Elective Retirement Plan contributions for a percentage of up to $2,000 based on modified AGI ranges as follows:

Applicable Percentage	Filing Status	2017	2018	2019
50%	MFJ	$0-$37,000	$0-$38,000	$ 38,500
	HOH	$0-$27,750	$0-$28,500	$ 28,875
	S; MFS; QW	$0-$18,500	$0-$19,000	$0-$19,250

Additional Rates, Deductions and Limits (continued)

Retirement Saver's Non-Refundable Credit (continued):

Applicable Percentage	Filing Status	2017	2018	2019
20%	MFJ	$37,001-$40,000	$38,001-$41,000	$38,001-$41,500
	HOH	$27,751-$30,000	$28,501-$30,750	$28,876-$31,125
	S; MFS; QW	$18,501-$20,000	$19,001-$20,500	$19,251-$20,750
10%	MFJ	$40,001-$62,000	$41,001-$63,000	$41,501-$64,000
	HOH	$30,751-$46,500	$30,751-$47,250	$31,126-$48,000
	S; MFS; QW	$20,501-$31,000	$20,501-$31,500	$20,751-$32,000
0%	MFJ	Over $62,000	Over $63,000	Over $64,000
	HOH	Over $46,500	Over $47,250	Over $48,000
	S; MFS; QW	Over $31,000	Over $31,500	Over $32,000

New tax credit for employers offering qualifying paid family and medical leave is available for 2018 and 2019:

1. Numerous qualifying caveats include a written policy allowing qualifying full-time employees at least two weeks of paid family and medical leave (not paid vacation, personal, state or local mandated or other family or medical leave not for purposes listed below). For part-time employees, the minimum leave amount is prorated based upon hours expected to be worked compared to full-time employees.

   A. Leave is provided for:
   - *i.* Birth or adoption of and care for a new baby or child.
   - *ii.* For employee unable to perform duties of a job due to serious health condition.
   - *iii.* Care of spouse, child or parent with serious health condition.
   - *iv.* Care of injured military member.
   - *v.* Qualifying exigency when a family member is on active military duty.

   B. Qualifying employees have been employed at least a year with compensation not above 60% of current compensation threshold, an inflation adjusted number set by the Treasury, for highly compensated employees ($120,000 in 2018); thus compensated below $72,000 in 2017.

   C. The credit percentage is based on the rate of payment for the leave under the employer's policy, with base rate of 12.5% if rate of leave pay is 50%. If rate paid exceeds 50% the credit percentage increases by .25% points for each percentage point the rate of pay exceeds 50%, to a maximum 25% of wages paid credit. Only eligible employers qualify for this credit. Excluded employer examples include state and local governments and non-profits, and wages paid by third parties are not eligible for credit.

We have tailored this planning information for general relevance to our diverse clientele. Providing useful heads-up awareness of changes in the tax environment each year to clients, tax professionals and other interested parties has been my pleasure as well as my vocation for decades. Your success is my happiness!

This letter and a helpful tax data organizer are available on our website, www.fielderco.com. Please call on us for specific planning questions in your case.

Sincerely,

Jim Fielder