

2017 TAX LAW CHANGES

BY DAVID MELLEM, EA

So far this calendar year there has been very little action by Congress involving tax matters. Maybe I should say there has been no *final* action by Congress on tax matters. Lawmakers have discussed and introduced many small bills, but nothing that has reached joint committee. The one exception is the Disaster Tax Relief and Airport and Airway Extension Act of 2017, which is discussed in the cover article. The items that were last extended for two years again expired December 31, 2016, and as of press time, have not been extended, which means we are again faced with uncertainty on these items.



Here's to a happy, successful, and low-stress tax season.

Available for 2016 Returns, But Not for 2017

- Tuition deduction
- Depreciation:
- Film and TV production expensing under Sec. 179
- The seven-year life for motorsports racing track facilities
- The three-year life for race horses
- 10% Energy credit for storm windows and doors, insulation, etc.
- Mortgage insurance premiums as itemized deductions
- Cancellation of indebtedness exclusion for principal residence acquisition indebtedness of a maximum of \$2,000,000
- Alternative fuel vehicle recycling property
- Two-Wheeled Plug-in Vehicle Credit
- Energy Efficient Home Credit (aka, Builder's Credit) of \$1,000 or \$2,000
- Energy Efficient Commercial Building Property deduction under Sec. 179D
- Credit for fuel-cell vehicles
- Indian Employment Credit
- Domestic Production Activities Deduction for Puerto Rico
- Empowerment Zone Credit

Don't Forget

Delayed refunds

Effective for tax years beginning after December 31, 2016, the refund shown on a

Form 1040 series return that contains the earned income credit or the refundable child tax credit will not be issued before February 15. This is intended to give IRS more time to conduct fraud checks on the return. This started last year and will continue until Congress changes the rules.

Bonus depreciation

- 50% bonus is available for assets placed in service prior to January 1, 2018. The first-year limit for vehicles falling under the listed property limitations is increased by \$8,000.
- 40% bonus is available for assets placed in service during calendar year 2018. The first-year limit for vehicles falling under the listed property limitations is increased by \$6,400.
- 30% bonus is available for assets placed in service during calendar year 2019. The first-year limit for vehicles falling under the listed property limitations is increased by \$4,800.
- No bonus depreciation is allowed for calendar years after 2019.
- Qualified improvement property now includes real estate that is improved after it is first placed in service. It now has some restrictions not including: exterior parts of the building, elevators or escalators, or the internal structural framework. This is a different definition

than the one used for 15-year property and Sec. 179 expensing.

Due date for submitting W-2s to SSA

The due date for submitting Forms W-2 to SSA and Forms 1099-MISC with nonemployee compensation to IRS is January 31 instead of the prior February 28, effective with forms for calendar years beginning after December 31, 2015. All other Forms 1099 continue to have the February 28 due date.

Due dates for various returns

Partnership returns are due the fifteenth day of the third month after the end of their year (March 15 for calendar-year partnerships).

C corporation returns are due the fifteenth day of the fourth month after the end of their year (April 15 for calendar-year corporations).

S corporation returns are still due the fifteenth day of the third month after the end of the year.

FinCEN Report 114A (FBAR)

Effective for taxable years beginning after December 31, 2015, the due date for the FinCEN Report 114 (FBAR) is April 15. There is an extension available for a maximum of one six-month period. For 2016 reporting, taxpayers needing to file a FinCEN had an automatic extension to October 15, 2017. For 2017 reporting of FinCEN, although an extension is allowed, there is neither an automatic extension nor instructions to apply for an extension as of press date.

"S CORPORATION RETURNS ARE STILL DUE THE FIFTEENTH DAY OF THE THIRD MONTH AFTER THE END OF THE YEAR."

2017 TAX LAW CHANGES



Form 1098, Mortgage Interest Statement

Effective with statements required to be furnished after December 31, 2016, the Form 1098 will include the following information:

- The amount of the outstanding principal at the beginning of the year.
- The date of the origination of the mortgage.
- The address of the property that secures the mortgage.

Form 1098-T can continue to show the "amount billed" instead of the "amount paid" for calendar year 2017. Even though the IRC says educational institutions must show amounts paid, IRS has given another year of reprieve from penalties for educational institutions that do not comply with showing the amount paid.

Partnership audit changes

Starting with tax years beginning after December 31, 2017, the audit level changes will result in an assessment at the partnership level

instead of the partner level. For returns with tax years beginning before January 1, 2018, partnerships can elect *into* this provision shortly after receiving the audit notice.

Estate certificates

Estate closing certificates are no longer issued after IRS completes the processing of a Form 706 [United States Estate (and Generation-Skipping Transfer) Tax Return] unless specifically requested.

De minimis corrections on Forms W-2 and 1099

IRS does not require a Form W-2 or 1099 to be corrected if the income amount is incorrect by \$100 or less and the federal income tax withholding is incorrect by \$25 or less. EA

About the Author

David Mellum, EA, and his wife Mary own Ashwaubenon Tax Professionals in Green Bay, Wisconsin. David has been practicing for 39 years and also consults and teaches for other tax professionals throughout the country. David can be reached at davidmellum@yahoo.com.