

How the New Tax Laws May Impact Your Estate Plan and Dental or Medical Practice

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Under the [new tax reform bill](#), there are some notable changes which will affect the last thirty years of tax law. While that may sound intimidating, we are here to help you through any impact on your [estate planning](#), [employment law](#) requirements, dental transitions, and more. Below are several examples of types of changes that may affect these areas.

Estate Planning for Individuals

The exemption amount for estate and gift taxes has doubled from \$5 million to \$10 million. Because this exemption is indexed for inflation, an individual may claim an exclusion in the amount of \$11,180,000 in assets, while a married couple may claim an exclusion in the amount of \$22,360,000. This simply means that a gift or combination of gifts adding up to this amount may be made tax-free; what an exciting prospect for your estate!

In addition, the GST tax exemption also increased to \$11,180,000 for individuals. GST taxes relate specifically to long-term estate planning over several generations. Therefore, this provides an opportunity to keep estate taxes low for your future generations.

If you have purchased a home on or after December 15, 2017, the previous \$1 million deduction has been decreased to \$750,000. In addition to this, the home equity loan interest deduction is no longer available.

Any cash donations to public charities can now be deducted at up to 60% of adjusted gross income. Because of the new increase for an individual's standard deductions and the above-described mortgage interest deduction decrease, aggregating your contributions for the year can help you maximize the potential benefits to your income taxes.

The ability to craft your estate planning to utilize maximum tax benefits is just one of the ways in which our office can help you take advantage of the newly passed tax laws.

Corporations, Pass Through Entities, and Real Estate

The alternative minimum tax (AMT) has been discontinued and corporate tax earning rates for non-S corporations have decreased from 35% to 21%.

Pass-through [entities](#) (i.e. limited liability companies, sole proprietorships, partnerships, or S corporations) can now claim a 20% deduction of "qualified business income" so long as the assets and type of business meet necessary qualifications. In addition, the entity's W-2 wages paid, the

entity's total income and its ownership of certain types of tangible property, and the receipt of specific types of dividends are all determining factors for this 20% deduction.

Non-S corporations filing jointly with a total income of less than \$415,000 may potentially receive a greater deduction for their qualified business income than S corporations. Conversely, if you are an S corporation filing jointly with a total income of greater than or equal to \$415,000, you may potentially receive a greater deduction for qualified business income than non-S corporations. Dental and medical practices that may fall under these types of corporate structures should conduct an in-depth analysis of their businesses in order to determine the maximum amount of deductions available.

Several other tax law changes that may be applicable to your medical or dental practice relate to long-term contracts and accounting inventories, expenses related to "property placed in service" from the 27th of September 2017, to the 1st of January 2023, net operating loss deductions, residential rental and non-residential real property depreciation, and U.S.-owned foreign corporations' income and dividends received.

Depreciation deductions recovery periods for certain qualified improvement property have decreased which could lead to a greater reduction in income taxes.

The only type of property exchange eligible for a 1031 like-kind exchange is now real property; 1031 transfers involving personal property have been eliminated.

When attempting to decode all of the new tax code's intricacies, one must remember that your specific type of business and/or income are determinative of whether your existing business structure should be evaluated or re-evaluated under the new laws.

Labor and Employment

One new employment law development is applicable to employers who provide qualifying employees with two weeks of paid family and medical leave annually at 50% of their normal wages. 12.5% of wages paid can be claimed as a credit, which can be increased by .25% up to 25% maximum for each percentage point by which the rate is greater than 50%.

A five-year deferment of gain recognition may be elected by covered employees who have been granted qualified stock options. This is not applicable to the CEO, CFO, higher paid officers, or owners of 1% of the company.

While the Affordable Care Act's (ACA) individual mandate and penalty have been eliminated, covered employers must still continue to provide full-time employees and their dependents with affordable and minimum value coverage.

If you need assistance with any of the above employment law issues, please [contact our office](#).

Please bear in mind that the IRS will be taking strides to ensure that these laws are more clear in their implementation. While effective through 2025, the above changes will revert back to the 2017 laws if no further action is taken. In the meantime, Congress may continue to make changes, as

well. If you are in need of consulting regarding any of the above tax law changes, [our office](#) would be happy to help.