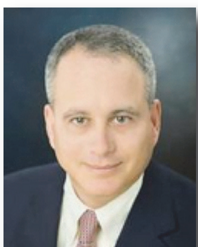
KTS, INC.
VALUATION ISSUES™

KLARIS, THOMSON & SCHROEDER, INC. 2018-1

Featured Article

THE 2017 TAX CUTS AND JOBS ACT

Prepared by:
Marc J. Soss, Esquire



On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act of 2017 (the "Act") that was passed by Congress on December 20, 2017. The Act will take effect on January 1, 2018 and will make important changes to existing tax laws and impact you.

INCOME, ESTATE, GIFT, AND GENERATION-SKIPPING TAXATION:

Estate, Gift, and Generation-Skipping Tax Exemption. The Act doubles the individual federal estate, gift, and generation-skipping tax exemptions from $5,000,000, adjusted for inflation ($5.49 million in 2017) to $10,000,000, adjusted for inflation ($11.0 million in 2017). The Act also maintains the basis step-up of inherited assets to their fair market value at death.

Income Taxation of Individuals. The Act maintains seven (7) income tax brackets but lowers the income tax rates to 10%, 12%, 22%, 24%, 32%, 35% and 37% from 10%, 15%, 25%, 28%, 33%, 35% and 39.6%. The Act also decreases the income threshold to $600,000 for married taxpayers filing jointly and $500,000 for single filers. The new individual tax rates will sunset on December 31, 2025. For comparative purposes, under 2017 federal income tax brackets and rates, a single taxpayer with $40,000 of taxable income would be in the 25% tax bracket and would have a tax liability of $5,739. While under the new 2018 tax brackets and rates, a single taxpayer with $40,000 of taxable income would be in the 22% tax bracket and would have a tax liability of $4,740.

Alternative Minimum Tax. The Act also increases the individual exclusions and phase-out thresholds for the individual alternative minimum tax to $1,000,000 for couples and $500,000 for single taxpayers but does not eliminate the alternative minimum tax.

Income Taxation of Trusts and Estates. Income in excess of $12,500 will be subject to the 37% income tax bracket.

DEDUCTIONS:

Standard Deduction: The standard deduction for single and married taxpayers filing separately is increased from $6,350 to $12,000. A surviving spouse and married taxpayers filing jointly will receive a $24,000 deduction (increased from $12,700). The standard deduction for heads of household is increased to $18,000 from $9,350. The Act leaves intact the additional standard deduction for filers who are 65 and over or blind which allows a married couple to claim an additional $2,600 and single taxpayer an additional $1,600 when they file their 2018 taxes. It is anticipated to result in more taxpayers

(continued on page 2)

utilizing their standard deduction instead of itemized deductions.

Personal Exemption: The $4,050 per person exemption is eliminated.

Child Tax Credit: The credit is increased from $1,000 to $2,000 per child with modified adjusted gross income phase outs at $400,000 for married taxpayers filing jointly; and $200,000 for single, head of household and married filing separately taxpayers. However, only up to $1,400 is refundable for certain filers. A new $500 nonrefundable credit is also available for dependents who do not qualify for the child tax credit. Taxpayers can claim this credit for children who are too old for the child tax credit, as well as for non-child dependents.

Medical Expense Deduction: The deductible limit is decreased from 10% to 7.5% of adjusted gross income for 2017 and 2018.

State and Local Tax Deduction. State income, property, and sales taxes will be deductible for individual taxpayers only up to an aggregate cap of $10,000. This cap will sunset on December 31, 2025. The Act prevents a deduction for the prepayment of any state income taxes related to a year beginning after 2017.

Mortgage Interest and Home Equity Loans. The mortgage interest deduction for home loans entered into after December 31, 2017, is decreased from $1,000,000 to $750,000. Mortgage loans entered into prior to January 1, 2018 will not be impacted. While taxpayers will continue to be able to deduct interest on second homes the interest expense deduction is eliminated for home equity loans beginning after December 31, 2017.

Charitable Contribution Deduction. The current deduction limitation of 50% of the individual's adjusted gross income for contributions to public charities is increased to 60%. Existing limits continue to apply to contributions of marketable securities or other property to public charities and to all contributions to private foundations.

Alimony Deduction. Under the Act, with regard to divorce or separation agreements executed on or after January 1, 2019, alimony payments will no longer be deductible by the payor or income to the recipient.

Moving Expense Deduction. The Act eliminates the moving expense deduction, except for the expenses of active members of the military who relocate pursuant to military orders. Under prior tax law a taxpayer could utilize the deduction when moving due to new employment that is located at least 50 miles further than the taxpayer's previous place of employment from the taxpayer's residence.

Other Deductions. The following deductions remain status quo under the Act: Educator Expense Deduction which allows K-12 educators to deduct up to $250 per year for unreimbursed classroom supplies; Student Loan Interest paid can be deducted up to $2,500 by qualifying taxpayers; Health Savings Account (HSA) deduction; IRA deduction; and deductions for self-employed taxpayers (SE tax, SE health insurance, SE qualified retirement plan contributions).

PENALTIES:

The Act eliminates the Affordable Care Act's mandate that people have health insurance or pay a penalty.

Marc J. Soss, Esquire, practices in the areas of estate planning, asset protection, elder law and probate administration and litigation. Marc has offices in Sarasota and Lakewood Ranch, Florida. He is a veteran of Operation Enduring Freedom. He has published articles and been quote in Forbes.Com, Fox Business, The Florida Bar Journal, the Rhode Island Bar Magazine, Military.Com, and featured in Klaris, Thomson & Schroeder, Inc. Newsletters. Mr. Soss can be reached at (941) 928-0310 or mjs@ft-estateplanning.com. For more on Marc J. Soss, visit://www.fl-estateplanning.com/ ❐

KLARIS, THOMSON & SCHROEDER, INC. CONGRATULATIONS PATRICIA A. THOMSON GRAHAM - CERTIFIED GENERAL REAL APPRAISER

LOS ANGELES (December 5, 2017) – Klaris, Thomson & Schroeder, Inc. is pleased to announce our newest licensed Certified General Real Estate Appraiser for the state of California, Patricia A. Thomson Graham, an associate and senior valuation consultant in the firm's Los Angeles office.

BREA BACKGROUND.
In 1989, Title XI of the federal Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) was enacted by Congress, mandating all states to license real estate appraisers who appraise real property in federally related transactions. In response to the federal mandate, the Real Estate Appraisers' Licensing and Certification law was passed by the California Legislature in 1990 (AB 527, Chapter 491 of 1990). The law charged the Bureau of Real Estate Appraisers (BREA) with licensing real estate appraisers in the State of California and enforcing national ethical and professional standards and qualifications that comply with the mandate.

Mrs. Patricia A. Thomson Graham began her association with Klaris, Thomson & Schroeder, Inc. in 2003. She has prepared appraisals of residential, industrial and commercial real estate for estate tax, litigation support, estate planning, insurance, and sale/purchase. She will continue to work in the valuation of real property including commercial, and industrial involving fee simple, leased fee, and leasehold interests valuations.

She has attended numerous appraisal seminars and annual appraisal conventions.

Mrs. Patricia A. Thomson Graham earned her Masters in Organizational Management in 2002 from the University of Phoenix and her Bachelors of Arts in Business Administration in 1996 from Mount St. Mary's University in Brentwood, California. Additionally, Mrs. Thomson Graham was awarded her Real Estate License in 1992 from the Lumbleau Real Estate School in Orange County, California.

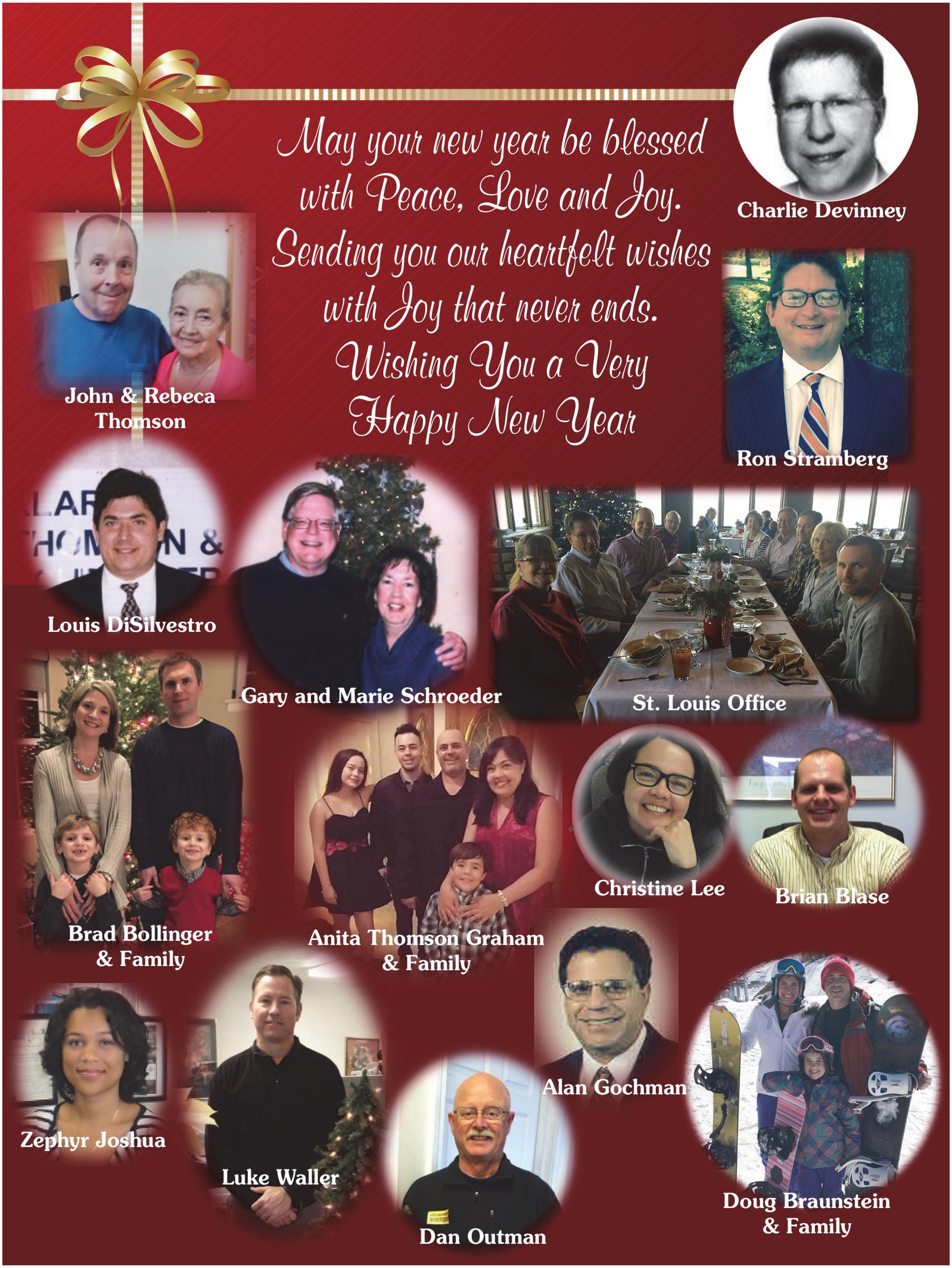
Patricia manages the day-to-day operations in the LA office and is also a proud mom to four wonderful kids ranging in age from 5 to 28.

She is currently fulfilling requirements for her ASA and MAI designation for 2018.

About Klaris, Thomson & Schroeder, Inc.
Klaris, Thomson & Schroeder, Inc. (KTS), is a national, full-service valuation, appraisal and financial consulting firm that is built on the 100 plus years of experience of its three founders (Ray Klaris, John A. Thomson, and Gary Schroeder).

We have provided thousands of valuation opinions for corporations of all sizes and a wide variety of industries. Our work has been reviewed and accepted by the major agencies of the federal government charged with regulating business transactions, as well as the largest accounting and law firms in the nation in connection with engagements involving their clients.

For almost 25 years KTS has been serving the needs of our valued clients. We take pride in the fact that the majority of the appraisers at KTS are senior members of the American Society of Appraisers and have earned the Accredited Senior Appraiser (ASA) designation in business valuation. The ASA designation is the only business valuation designation that requires 5 years of full-time experience as one of the criteria for being awarded the designation.


May your new year be blessed
with Peace, Love and Joy.
Sending you our heartfelt wishes
with Joy that never ends.
Wishing You a Very
Happy New Year
Charlie Devinney
John & Rebeca Thomson
Ron Stramberg
Louis DiSilvestro
Gary and Marie Schroeder
St. Louis Office
Brad Bollinger & Family
Anita Thomson Graham & Family
Christine Lee
Brian Blase
Alan Gochman
Zephyr Joshua
Luke Waller
Dan Outman
Doug Braunstein & Family

KLARIS, THOMSON & SCHROEDER, INC.

SPOTLIGHT

Prepared by: Marc J. Soss, Esquire

Klaris, Thomson & Schroeder, Inc. ("KTS") is proud to announce Ms. Rose Moroz, ASA, (Picture 1, on left, above), as the newest member of our team.

Effective January 2018, Rose Moroz has joined the firm as a Senior Valuation Consultant, performing business valuations of capital stock and intangible assets.

Rose's financial consulting career (25+ years) includes appraisals of businesses of all types, sizes and endeavors. Her experience encompasses valuations of capital stock in public and privately held companies for financial reporting, gift and estate tax planning, charitable contribution, federal income tax planning, ESOP, recapitalizations, buy/sell agreements and financing purposes; and, valuations of companies, their domestic or foreign subsidiaries, and their underlying intangible assets in connection with ASC 805 –*Business Combinations* (purchase price allocations) and ASC 350 - *Goodwill Impairment*.

Rose is a senior accredited member in business valuation of the American Society of Appraisers (ASA). She is also a member of the Philadelphia Estate Planning Council (PEPC) and an affiliate member of The CFA Institute. She is past President of the ASA's Southern New Jersey Chapter and currently serves as its chapter secretary. You may contact Rose at rmoroz@ktsvaluation.com or 267-210-1204.

In addition, Bridgine Joshua (Picture 2, on right, above), a part-time KTS employee, for over 2 years has become full time with KTS. Bridgine based in our LA office supports our Senior Valuation Consultants in LA, Philadelphia, and Washington D.C. Ms. Joshua is currently a full-time student at CSULB majoring in English and looks to further her education by completing her Masters in English also at CSULB.

"Be at war with your vices, at peace with your neighbors, and let every new year find you a better man."

– Benjamin Franklin