

Table of Contents

New Law	1
Tax Cuts and Jobs Act of 2017	1
Adjustments to Income and Exclusions	2
Tax Calculations	4
Itemized Deductions	9
Child Tax Credit	19
Individual Shared Responsibility Payment	22
Section 529 Plans	22
Due Diligence Expanded	23
Retirement Account Related	26
ABLE Account Changes	27
Saver's Credit	28
Business Income and Deductions	29
Depreciation	34
Farming Businesses	35
Section 179 Expensing	36
Bonus Depreciation	44
Section 199A Deduction	50
Overview	51
Threshold Concept Introduction	52
Qualified Trade or Business	52
Puerto Rico	52
Income Exclusions	53
Specified Service Trade or Business	54
Partnerships and S Corporations	58
Calculating QBI	60
Combined Qualified Business Income Amount	77
Calculating §199A Deduction (QBID) Examples	78
Qualified Business Loss	83
Penalty	84
Other Noteworthy Items of QBI	84
Bipartisan Budget Act of 2018	84
Foreign Earned Income Exclusion Expansion	84
Residential Energy Credits	86
Draft Form 1040-SR	87

New Law Review Questions	89
New Law Review Question Answers	93
New Developments	99
Draft 2018 Form 1040.	99
Draft Schedule E—Basis Computation Requirements	106
Veterans Owed Refunds	108
Qualification	109
Amount to Claim	110
Statute of Limitations.	111
Special Instructions.	111
QSEHRA.	112
New Developments Review Question	115
New Developments Review Question Answer	117
Disaster Tax Relief	119
Disaster Relief Provisions.	119
Casualty Loss Deductions Eased	120
Increased Standard Deduction	120
No AMT Adjustment for Net Disaster Losses.	121
Earned Income for EITC and CTC Purposes	122
Charitable Contributions	122
Access to Retirement Funds	123
Additional Provisions	124
Safe Harbors for Natural Disasters	130
Personal-Use Residential Real Property.	130
Personal Belongings	135
Reduction for No-Cost Repairs	138
Cost Indexes Safe Harbor Method	138
Qualifying Losses	139
Disaster Relief Review Questions.	141
Disaster Relief Review Question Answers	143
Tax Update	145
Standard Deduction	145
Itemized Deductions	145
Medical Expense Limitation	146

Filing Requirement	146
Tax Brackets	147
Capital Gain Rates	147
Net Investment Income Tax	148
Alternative Minimum Tax	148
Foreign Earned Income	149
Medical Benefits	150
Health Flexible Spending Arrangement	150
Health Savings Accounts	150
Archer Medical Savings Accounts	152
HSA, Archer MSA, and FSA Comparison Chart	153
Long-Term Care Benefits	155
Long-Term Care Premiums	156
QSEHRA	156
Education Tax Benefits	157
Educator's Classroom Expenses	157
Education Credits	158
Education Savings	163
Scholarships and Grants	169
Business Expense for Education	171
Student Loan Interest Deduction	172
Credits	172
Earned Income Tax Credit	173
Child Tax Credit	174
Adoption Credit	175
Retirement Savings Contributions Credit	176
Qualified Plug-in Electric Drive Motor Vehicle Credit	177
General Business Credit	178
Premium Tax Credit	180
Other Taxes	186
Household Employment Taxes	187
Self-Employment Tax	187
Individual Shared Responsibility	189
Taxes on Unreported Tip Income	196
Uncollected FICA Taxes on Wages	196
Repayment of First-Time Homebuyer Credit	196

Estimated Taxes	197
Business Expenses	198
Travel Allowances	200
Day Care—Per Diem for Meals	204
Luxury Automobile Depreciation Limits	205
Qualified Transportation Fringe Benefits	208
Excess Business Loss Threshold Amounts	209
Gift and Estate Taxes	209
Annual Gift Exclusion	210
Tax Rates	210
Estate Exclusion Amount	211
Retirement Plans	214
Individual Retirement Account	214
Qualified Plans	216
Exceptions to the 10% Penalty	216
Waiver of 60-Day Rollover Requirement	218
ABLE Accounts (ABLE)	222
Social Security	224
Senior Citizen's Freedom to Work Act	226
Expiring Provisions	227
2018	227
2019	227
Tax Update Review Questions	229
Tax Update Review Answers	235
Appendix	245
Appendix A: Sample Self-Certification Letter	245
Appendix B: Rev. Proc. 2018-9	247
Appendix C: Veteran's Tax Fairness Act of 2016	265
Appendix D: Model Attestation of Initial Proof of MEC	274
Appendix E: Model Attestation for Request for Reimbursement from QSEHRA after Initial Proof of MEC Has Been Provided	275
Appendix F: Draft Version Form 461, Limitation on Business Losses	276
Appendix G: Soft Letter	277