

# **Addendum: Business Tax Update**

## **Tax Reform Impact on S Corps & Partnerships**

### **Revision 1:**

#### **Page 5**

Preparer's note, basis worksheet is in the Appendix.

Here is a blank Partner's Basis Worksheet for the Comprehensive Example.



National Association of Tax Professionals

Partner's Basis Worksheet

Table with 2 columns: Information and ID number. Rows include Partnership Name (WE BUILD EM LLC), Partnership I.D. number (46-1111111), Name of Partner (DESI JONES), and Partner's I.D. number (444-44-4444).

Tax Year: 2017

1. PARTNER'S ADJUSTED BASIS AT THE BEGINNING OF TAX YEAR

INCREASES:

- 2. Ordinary Income
3. Net income from rental activities
4. Net portfolio income
5. Net gain under Section 1231
6. Other income
7. Tax-exempt interest income
8. Other tax-exempt income
9. Section 179 recapture on disposition of assets
10. Oil and gas depletion in excess of basis
11. OTHER INCREASES
CASH CONTRIBUTION
PARTNERSHIP LIABILITY
12. TOTAL INCREASES: (add lines 2 - 11)

DECREASES:

- 13. Nondeductible expenses
14. Oil and gas depletion
15. Ordinary loss
16. Net loss from rental activities
17. Net portfolio loss
18. Net loss under Section 1231
19. Other loss
20. Charitable contributions
21. Section 179 expense deduction
22. Deductions related to portfolio income (loss)
23. Other deductions
24. Investment interest expense
25. Total foreign taxes
26. Section 59(e) expenses
27. Prior year loss in excess of basis
28. OTHER DECREASES
CASH DISTRIBUTION
29. Property distributions (including cash)
30. TOTAL DECREASES (add lines 13 - 29)

31. PARTNER'S BASIS AT END OF TAX YEAR

32. DEBT BASIS AT BEGINNING OF TAX YEAR

33. ADJUSTMENTS TO DEBT BASIS:

34. DEBT BASIS AT END OF TAX YEAR (cannot be less than zero)

35. PARTNER'S ADJUSTED BASIS AT END OF TAX YEAR (Add line 31 and 34) (cannot be less than zero)

\* LOSSES IN EXCESS OF BASIS

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Form 1065, Schedule B, Line 6 should be Yes, No is marked. The answer to the question in this Comprehensive Example is Yes; however in order to have Schedules L, M-1, and M-2 populate, you need to mark this No.

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Box M needs to be marked "No" for the Comprehensive Example.

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On the Balance Sheet, Line 10a, Column (c) should be \$79,940 and Line 10b, Column (c) should be \$61,196. There was no sale of assets during the year, so Line 10(a), Columns (a) & (c) should both be \$79,940.

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This table has been modified and corrected after **New tax law changes**:

	<b>Est. 2018</b>	<b>Current 2017</b>	<b>Difference</b>
Filing status	MFJ	MFJ	
Exemptions	Not applicable	2	
<b>INCOME</b>			
Wages	155,132	155,132	
Interest income	74	74	
Ordinary dividend	2,611	2,611	
State refund	3,244	3,244	
Alimony	Not applicable		
Business income	7,535	7,535	
Rental re/K-1 inc	93,149	93,149	
<b>Total income:</b>	261,745	261,745	
<b>ADJUSTMENTS</b>			
Moving expense	Not applicable		
SE deduction	533	533	



SEHI	16,318	16,318	
DPAD	Not applicable		
<b>Total adjustments:</b>	16,851	16,851	
<b>ADJUSTED GROSS INCOME</b>	244,894	244,894	
<b>DEDUCTIONS</b>			
Standard deduction	24,000	12,700	11,300
Itemized deductions:			
Taxes paid	10,000	12,131	-2,131
Charitable contributions	32,800	32,800	
Job expense/Misc	Not applicable		
Total itemized:	42,800	44,931	-2,131
Exemptions	Not applicable	8,100	-8,100
Prior to QBI deduction:			
Taxable income	202,094	191,863	10,231
Tax	37,082	40,269	-3,187
<b>New tax law changes:</b>			
QBI deduction	20,137	Not applicable	20,137
<b>Taxable income (new)</b>	181,957	191,863	
<b>Tax</b>	31,296	40,269	-8,973
<b>OTHER TAXES</b>			
Self-employment tax	1065	1065	
<b>TOTAL TAX</b>	32,361	41,334	-8,973

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