

# BUSINESS YEAR END NEWSLETTER

WHATS NEW FOR 2018

DECEMBER 2017

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*As another year comes to a rapid close, we all hope everyone had a successful year. If there is any information you need that we have not touched on please feel free to call our office as we are happy to assist you.*

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## HAVE QUICKBOOKS?

**BE SURE TO CHANGE YOUR SUTA RATE AS EARLY AS POSSIBLE IN JANUARY 2018.**



### 2018 AUTOMOTIVE MILEAGE RATE

- Standard Mileage Rate is 54.5 cents.
- Medical Care Mileage Rate is 18 cents.
- Moving Mileage Rate is 18 cents.
- Charitable Use Rate is .14 cents.

### RETIREMENT PLAN CONTRIBUTION

Changes for 2018 can be found on our website under the "Payroll" section. At the bottom of the screen, go to "Updated Payroll News and Additional Information". Then click on "Retirement Plan Contribution Limits"

### NEW HIRE REPORTING (no change)

Reminder: You as the employer have a requirement to report all new employees to the new hire registry within 20 days of hire.

You can register online to report employee's at:

<http://newhire-reporting.com/MD-Newhire/Default.aspx>

Or, you can print the forms from our website by going to the "Payroll" section then choosing "Common Forms"

The printed form can be filled out and faxed or mailed in. The fax number or address can be found on the form.

### NEW EMPLOYEE FORMS

As the employer, you are required to either complete or have your new employee complete the following forms. These forms should be kept on file for all employees and updated on a yearly basis.

- Federal W4's
- State Withholding Forms
- I-9 Employment Eligibility Forms  
*(you must use the new form updated in 2017)*
- State New Hire Registry Form
- Health Coverage Employer Option Form

## SIMPLE CONTRIBUTION DUE DATES

When must contributions be deposited?

- A.) Employee salary reduction contributions - within 30 days after the end of the month in which the amounts would otherwise have been payable to the employee in cash (including self-employed individuals).
- B.) Employer matching or non-elective contributions – by the due date (including extensions) for filing your federal income tax return for the year.

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### MARYLAND LOCAL RATE CHANGE

Only 1 county has changed their 2018 rate:

Cecil County is 3.00%

Please be sure to make this change.

Withholding tables can be downloaded from  
[www.marylandtaxes.com](http://www.marylandtaxes.com)



### 2018 SOCIAL SECURITY WAGE BASE

The Social Security Administration has announced that the wage base limit changed from \$127,200 in 2017 to \$128,400 in 2018.

There is NO wage base limit for computing Medicare tax, however, there is an increase from 1.45% to 2.35% for wages over \$200,000

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### MINIMUM WAGE AND OVERTIME LAW

**MARYLAND** – Current minimum wage is \$9.25. This will increase to \$10.10 on 7/1/18. However, if your place of business is in Montgomery or Prince George’s County, the rate is \$11.50

**VIRGINIA** – Current minimum wage is \$7.25 (same as Federal minimum wage)

**DISTRICT OF COLUMBIA** – Current minimum wage is \$12.50.

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### VISIT OUR WEBSITE – FOR YOUR CONVENIENCE

[www.luongocpa.com](http://www.luongocpa.com)

#### Home Page

Link to “Your Documents”

Link to “Where’s my federal refund?”

Link to “Where’s my MD refund?”

Link to IRS Forms Online

#### Go to “Payroll Forms” - “Additional Info”

Minimum Wage Law

2018 Retirement Plan Contribution Limit

Authorization to electronically file W-2s

Manual Paycard

Employee vs Independent Contractor

EFPTS Set Up with Worksheets

Salary vs. Hourly Employee

The CURE Act

#### Go to “Payroll Forms” - “Common Forms”

W-4 - Federal Employee Withholding Allowance

I-9 - DOJ Employment Eligibility Verification

MD507 - MD Withholding Exemption

VA-4 - VA Withholding Exemption

DC-4 - DC Withholding Exemption

MD, DC & VA New Hire Reporting Form

Health Insurance – Offered form

Health Insurance – Not Offered form

#### Other Forms

W-9 - Request for Taxpayer ID Number

MW506A – MD AMENDED WH COUPON

MW506FR – MD SALES TAX FINAL RETURN FORM

Maryland Corporation EFT Application

# TAX CUTS AND JOBS ACT (H.R. 1)

## TAX CHANGES FOR BUSINESSES PERMANENT AS OF 1/1/18

**HOT  
TOPIC**

	Prior Law (2017)	H.R. 1 (2018)
Corporate rate	35% maximum rate	21% flat rate
Pass-through income	Same as individual rates	20% reduction



### **ENTERTAINMENT EXPENSES DENIED** – no deductions are allowed with respect to:

- An activity generally considered to be entertainment, amusement or recreation.
- Membership dues with respect to any club organized for business, pleasure, recreation or other social purposes.
- A facility or portion of a facility used in connection with any of the above.

### **EXPENSING & DEPRECIATION – CODE 179 EXPENSING**

**Current Law:** \$500,000 is the maximum amount a taxpayer could expense from the qualifying property placed in service for the tax year. For sport utility vehicles above the 6,000 lb weight rating and not more than 14,000 lbs – the maximum cost that could be expensed for any tax year was \$25,000.

**New Law:** \$1,000,000 is the new maximum a taxpayer can expense from qualifying property with the phaseout increasing to \$2,500,000. The sport utility vehicle has been indexed for inflation.

**Other Change:** “Qualified Property” under Code 179 has also been expanded to include other improvements to nonresidential real property. This includes roofs, HVAC property, fire protection and alarm systems and security systems.

### **LUXURY AUTOMOBILE DEPRECIATION LIMITS INCREASED**

**Current Law:** For passenger autos placed in service in 2017, for which the additional first year depreciation deduction is not claimed, the maximum amount of allowable depreciation deduction was \$3,160 for the year in which the vehicle is placed in service, \$5,100 for the second year, \$3,050 for the third and \$1,875 for the fourth year.

For passenger automobiles eligible for the additional first year depreciation allowance in 2017, the first year limitation is increased by an additional \$8,000. This is phased down by \$1,600 each calendar year.

**New Law:** For passenger autos placed in service after Dec. 31, 2017, for which the additional first year depreciation deduction is not claimed, the maximum amount of allowable depreciation is increased to \$10,000 for the year it is placed in service, \$16,000 for the second year, \$9,600 for the third and \$5,760 for the fourth.

The additional first year depreciation allowance remains at \$8,000.

## TAX CHANGES FOR BUSINESSES continued

### **TEMPORARY 100% COST RECOVERY OF QUALIFYING BUSINESS ASSETS**

Current Law: An additional first year bonus depreciation deduction was allowed equal to 50% of the adjusted basis of qualified property.

New Law: A 100% first year deduction for the adjusted basis is allowed for qualified property acquired and placed in service after September 27, 2017, and before January 1, 2023. The additional first year depreciation deduction is allowed for new and used property. This 100% bonus depreciation applies to SUVs (must have a Gross Vehicle Weight over 6,000 lbs) purchased after September 27, 2017.

Note: For the first tax year ending after September 27, 2017, a taxpayer can elect to claim 50% bonus first year depreciation instead of claiming a 100% first year depreciation allowance.

### **INTEREST DEDUCTION LIMITATION**

Current Law: Businesses could deduct all interest and finance charges incurred on debt used to finance business operations.

New Law: Generally caps the deduction for net interest expenses at 30% of adjusted taxable income, among other criteria. This cap does not apply to businesses with average gross receipts under \$25 million.

### **BUSINESS DEDUCTION UP TO 20% OF CERTAIN QUALIFIED INCOME**

We have read the law. It is very complicated, and we are continuing to try and understand these rules. We will continue to study this as the IRS publishes the regulations and further guidance.



### **DO WE HAVE YOUR EMAIL ADDRESS?**

Have you verified your email address with us?

If not, please email us today at [luongo.associates@luongocpa.com](mailto:luongo.associates@luongocpa.com) to verify your address with us.. We DO NOT send out mass mailings so you don't have to worry about receiving junk mail from us.

Do you ever need a document quick and don't want to dig through your records? You can access your business financials, plus both business and personal tax returns on our website. Many are currently taking advantage of this convenience. If you haven't already been set up please send an email to [luongo.associates@luongocpa.com](mailto:luongo.associates@luongocpa.com) and request access.

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For additional information please go to the home page of our website.  
Under the "Resources" box on the right, click on "Monthly Newsletter".

Here you will find the following:

**Tax Changes for Individuals**

**Tax Changes for Businesses**

And more.....