TAX PAYMENT CALENDAR

FEBRUARY 2018

Date / **Completed**

Payroll Date		Deposit Date	
Jan	27 – 30	Feb	2
	31 – Feb 2		7
Feb	3 – 6		9
	7 – 9		14
	10 – 13		16
	14 – 16		22
	17 – 20		23
	21 – 23		28
	24 – 27	Mar	2
	28 – Mar 2		7

Semi-Weekly Payroll Tax Deposits. Employers that are semi-weekly depositors generally must deposit taxes withheld and FICA taxes on payrolls paid on Wednesday, Thursday or Friday on or before the following Wednesday, and deposit taxes from payments on other days on or before the following Friday. Deposit electronically. Indicate Form 941, Federal Tax Deposit, and first quarter.

Date		Completed
2	Groundhog Day.	
12	Michigan sales and use tax deposit for the month of January to claim early payment discount.	
14	Valentine's Day.	
15	Michigan Annual Report - Limited Liability Companies.	
15	Employers that are monthly depositors must deposit taxes withheld and FICA taxes on payrolls paid during January. Deposit electronically. Indicate Form 941, Federal Tax Deposit, and first quarter.	
15	Corporations with fiscal year ending February 28, May 31, August 31, or October 31: • Deposit estimated federal income tax electronically. Indicate Form 1120 and Federal Tax Deposit.	
15	Corporations with fiscal year ending October 31: • Federal Income Tax Return - Form 1120. • Deposit balance of tax due electronically. Indicate Form 1120 and Balance Due on Return. • Pay accrued compensation, charitable contributions, retirement plan contributions, etc.	
15	Corporations with fiscal year ending January 31, April 30, July 31, or October 31: • Pay CIT estimate to State of Michigan.	
19	Presidents' Day	
20	Michigan Sales, Use, and Withholding Taxes Return for the month of January.	
20	Personal Property Tax Returns due to local assessor.	
28	Form 1096 – Annual Summary and Transmittal, accompanied by copy of Forms 1099-INT or 1099-DIV and/or Forms 1098.	
28	Michigan Annual Return for Sales, Use, and Withholding Taxes. Enclose state copy of Forms W-2 and 1099-MISC.	
28	Corporations with fiscal year ending October 31: • File CIT return and pay balance due to State of Michigan.	

JANUARY

SU	M	T	W	TH	F	SA
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

FEBRUARY

SU	**M**	**T**	**W**	**TH**	**F**	**SA**
				1	**2**	**3**
4	**5**	**6**	**7**	**8**	**9**	**10**
11	**12**	**13**	**14**	**15**	**16**	**17**
18	**19**	**20**	**21**	**22**	**23**	**24**
25	**26**	**27**	**28**			

MARCH

SU	M	T	W	TH	F	SA
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

February 2018

THE TAX CUTS AND JOBS ACT

On December 22, 2017, the Tax Cuts and Jobs Act was signed into law. This legislation reflects the largest major tax reform in over three decades. With only a few exceptions, the provisions of the act are effective in 2018. This comprehensive tax overhaul temporarily changes the rules governing the taxation of individuals for tax years beginning before 2026, providing new income tax rates and brackets, increasing the standard deduction, eliminating personal exemptions, increasing the child tax credit, and limiting the state and local tax deduction, among many other changes. For businesses, the legislation permanently adjusts the corporate tax rate to a flat 21%, repeals the corporate alternative minimum tax, and makes a number of changes involving expensing and depreciation. We will explain these tax law changes in greater detail over the coming months.

THE NEW SECTION 199A DEDUCTION FOR QUALIFIED BUSINESS INCOME

The new law added a new tax deduction for business owners. It permits individuals, estates, and trusts to deduct up to 20% of their "qualified business income." You may have heard a lot of talk in the news about a new deduction for "pass-through" income, but it's actually available for qualified business income from a sole proprietorship (including a farm), as well as from pass-through entities such as partnerships, LLCs, and S corporations. For taxpayers in the new 37% tax bracket (down from 39.6% in 2017), such income may be taxed at an effective top marginal rate of 29.6%.

Although the new deduction opens the door for planning opportunities for you and your business, the rules are complex. There are various limits that can substantially reduce or eliminate the deduction. Many of these limits depend on the nature of your business and how high your taxable income will be in 2018.

For example, income from certain service businesses doesn't qualify for the deduction once your taxable income reaches $ 415,000 (married filing jointly). These businesses involve the performance of services in the fields of health, law, accounting, actuarial science, performing arts, consulting, athletics, financial services, or brokerage services (but not engineering or architecture). Also, income from a business that participates in investing, trading, or dealing in securities, partnership interests, or commodities is subject to this restriction.

There are other factors that may affect your eligibility for the deduction. The deduction for income from a nonservice business (a manufacturing business, for example) is subject to limits based on the entity's total wages and tangible property once your taxable income reaches $ 415,000 (married filing jointly). In addition, a limit based on your taxable income may further reduce your deduction.

Given the complexity of the new deduction, it's best to get a head start on determining how it will affect your tax situation in 2018. We can help you and your business to plan for this new provision.

CHANGE IN ACCOUNTING FOR LEASES

There is a change in accounting for leases on the horizon. This change requires recognizing assets and liabilities on the balance sheet for <u>all</u> leases with terms longer than a period of 12 months. The change was pushed for by users of financial statements. It puts leases that are currently "off-balance sheet", on to the balance sheet; thereby, providing greater transparency, comparability, and disclosure. This Accounting Standards Update (ASU) 2016-02 will be effective for private companies and not-for-profit organizations for fiscal years beginning after December 15th 2019. Although the effective date may seem a ways away, now is the time to start preparing. Start gathering your existing lease documents and contact our office for further recommendations.