

April/May/June 2019

## Citation and resource guide

### Making stock sales less taxing

The IRS explains the rules on basis calculation in Publication 550, *Investment Income and Expenses (Including Capital Gains and Losses)*, p. 45, at [www.irs.gov/pub/irs-pdf/p550.pdf](http://www.irs.gov/pub/irs-pdf/p550.pdf).

### Bond ladders may hedge interest rate hikes

For an explanation of bond premium amortization, go to page 33 of IRS Publication 550, "Investment Income and Expenses," at [www.irs.gov/pub/irs-pdf/p550.pdf](http://www.irs.gov/pub/irs-pdf/p550.pdf).

### The SALT deduction limits will affect home sales

The proposed regulations on SALT workarounds can be found in the Federal Register for 8/27/18 on page 43563, at [www.gpo.gov/fdsys/pkg/FR-2018-08-27/pdf/2018-18377.pdf](http://www.gpo.gov/fdsys/pkg/FR-2018-08-27/pdf/2018-18377.pdf).

### IRS says business meal deductions still apply

You can read IRS Notice 2018-76 at [www.irs.gov/pub/irs-drop/n-18-76.pdf](http://www.irs.gov/pub/irs-drop/n-18-76.pdf).

### Supreme Court decision in Wayfair affects online sellers

The Supreme Court's opinion in *South Dakota v. Wayfair, Inc.*, 6/21/18, can be found at [www.supremecourt.gov/opinions/17pdf/17-494\\_j4el.pdf](http://www.supremecourt.gov/opinions/17pdf/17-494_j4el.pdf).

### Tax law change enhances the appeal of C corporations

The IRS explains how corporations on a fiscal tax year, rather than a calendar year, may have to deal with the transition to new tax rates at [www.irs.gov/newsroom/many-corporations-will-pay-a-blended-federal-income-tax-this-year-under-the-new-tax-reform-law](http://www.irs.gov/newsroom/many-corporations-will-pay-a-blended-federal-income-tax-this-year-under-the-new-tax-reform-law).

## Practice development tip

### Use tax returns as a teaching tool

This year's tax filing season brings the first returns under the Tax Cuts and Jobs Act (TCJA) of 2017. Some features of the TCJA will be new to clients and may be startling. You can use these returns to trigger conversations and generate future tax-planning sessions.

For example, many married clients who generally itemize deductions will be taking the standard deduction for 2018, mainly due to the \$10,000 cap on state and local tax (SALT) deductions. (The impact on single filers won't be as great because the \$10,000 cap on SALT deductions is not far from the \$12,000 standard deduction for singles; couples have the same \$10,000 SALT cap and a \$24,000 standard deduction.)

Clients who take the standard deduction, rather than itemizing, will not benefit from charitable contribution deductions or large medical deductions. In planning for 2019, you might point out the benefit of taking qualified charitable distributions from IRAs once clients reach age 70½, so that reduced taxable income from required minimum distributions will offset the absence of charitable deductions.

Younger clients might want to frontload charitable donations to donor-advised funds in some years so they

can itemize donation deductions periodically. Similarly, elective medical expenses might be bunched in some years for possible deductions.

Another unfamiliar item on 2018 tax returns will be qualified business income (QBI), which can be 20% deductible for clients whose earnings come from certain pass-through entities. This is an extremely complex provision of the TCJA. Retirement plan contributions from S corporations, for example, may have a different impact than retirement plan contributions from LLCs due to QBI deductions.

Therefore, a discussion of QBI might lead to a future meeting for a detailed conversation about choice of business entity under the new tax law. Clients with QBI also might find Roth IRA conversions to be very tax-efficient, which could lead to future meetings on this topic.

Use these and other talking points to set up specialty conversations after tax season. At those meetings, start with the client's 2018 tax return and run some scenarios, showing the after-tax impact of potential tactics. Clients will appreciate a detailed look at some tax-efficient strategies.

# Practice development and management resources from the AICPA

For more information or to order, log on to [aicpastore.com](http://aicpastore.com) or call 888.777.7077.

## AICPA Personal Financial Planning Membership Section

The AICPA Personal Financial Planning Section membership is voluntary for CPAs and other professionals who provide personal financial planning services to individuals and families. The PFP Section member benefits include The CPA's Guide to Financial and Estate Planning, among numerous practice guides, as well as free web seminars led by renowned experts, award-winning newsletters like *Planner*, and invaluable networking opportunities with CPAs around the country.

[Item no. 03-NEW – AICPA Member \$176.25]

## Advanced Personal Financial Planning Conference – June 9–13, 2019

Any computer can collect data. What you can offer clients is something that far exceeds a machine. By building and expanding your consultation services, you'll be ready to meet future client needs and expectations. And you'll be ahead of changes in the profession that are just around the corner. The Advanced Personal Financial Planning Conference focuses on making you an invaluable voice in your clients' lives, starting today.

To learn about current deals, or if you have any questions, please call 888.777.7077 or visit [www.aicpastore.com](http://www.aicpastore.com) for more details.

## AICPA PCPS/CPA.com MAP Survey National Summary

The AICPA's Private Companies Practice Section (PCPS) partnered with CPA.com on the National MAP (Management of an Accounting Practice) Survey, which was fielded from mid-May through July 2016. This summary provides financial and other key benchmarking data from the survey. This product will provide you with comparative benchmarking data relative to firm size and region that can help you create strategic goals and maximize your firm's performance.

[Item no. PCPSSUR03 – AICPA Member \$200.00, Nonmember \$300.00]

## Management of an Accounting Practice eHandbook

This is your go-to resource for all things practice management. Streamlined online guidance for easy reading and quick reference on the topics you care about: employee compensation and benefits, staffing, disaster recovery, firm organization, benchmarking, strategic planning, and more!

[Item no. MAP-XX – AICPA Member \$149.00, Nonmember \$189.00]

## MAP On Track

Often, practitioners and small- to medium-sized firms find it challenging to stay on top of firm management responsibilities. The new *Management of an Accounting Practice On Track* (MAP On Track) will help keep you organized. This new scheduler is easy to download and functions as an add-in to Microsoft Outlook, adding tasks to keep your firm running throughout the year. As an added bonus, within the automatically scheduled tasks you'll find useful links to relevant content within the comprehensive MAP eHandbook as well as PCPS tools that can inform your next steps.

[Item no. MAPTKD – AICPA Member \$229.00, Nonmember \$289.00]

---

## Need help with your subscription?

Contact our Member Service Center at 888.777.7077 or [service@aicpa.org](mailto:service@aicpa.org).

## Questions or comments about the content?

Contact Whitney Kolba, Managing Editor, at 919.402.4857 or [CBeditor@aicpa.org](mailto:CBeditor@aicpa.org).



The unified voice of AICPA and CIMA

The *CPA Client Tax Letter* (ISSN 1066-1867) is prepared for the clients of AICPA members and other practitioners. The Tax Letter carries no official authority, and its contents should not be acted upon without professional advice. Printed in the U.S.A. Sidney Kess, CPA, JD, Editor. For AICPA customer service, call 888.777.7077 or visit [aicpastore.com](http://aicpastore.com).

© 2019 Association of International Certified Professional Accountants. All rights reserved. AICPA and American Institute of CPAs are trademarks of the American Institute of Certified Public Accountants and are registered in the United States, European Union and other countries. The Globe Design is a trademark owned by the Association of International Certified Professional Accountants and licensed to the AICPA.