

Local Tax Accountants Review The Latest Tax Reforms

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CR PRO TAX LLC, based in East Orange, NJ, has reviewed that latest tax reforms and believes that some lawmakers placed people in the out-of-favor tax group that denies them the 20% Section 199A deduction. To combat this, the firm has developed new processes to ensure that people pay only the tax they have to.

Clinton Robinson, owner and founder of CR PRO TAX LLC, says: "It's a troubling thought but there are reasons to believe you have been put in a tax group that stops you from receiving your 20% deduction. If your business makes too much money and it does so because of the reputation or skill of one or more of the business' owners or employees, this could happen. Essentially, you are being penalized for being good at what you do."

He explains: "Before going on, remember this: tax reform gives you the new 20% deduction on your pass-through income regardless of your being in either an in-favor or out-of-favor business when your 1040 defined taxable income is \$157,500 or less for a single taxpayer, or \$315,000 or less for a married couple filing a joint return."

Unfortunately, those in the out-of-favor group will receive a zero Section 199A deduction on their qualified business income. When their taxable income is greater than the threshold above, they do not pay wages, they have no qualifying property, or they have a greater than \$207,500 (single) or \$415,000 (married filing a joint return) income, then they miss out on the deduction.

"There are various groups and professions in the out-of-favor group that are easy to identify," adds Clinton Robinson. "But the 'reputation or skill' group is not one of them. At a District of Columbia Bar Taxation Community event on January 25, 2018, hosted by Jones Day, Treasury tax legislative counsel Thomas West said that we can expect guidance on the Section 199A deduction, including some guidance focused on small business. We hope that in 'small business', West includes the types of businesses unfairly affected by these changes."

As local tax accountants, CR PRO TAX LLC aims to stand up for the smaller businesses and ensure they can

continue to make appropriate deductions.

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CR PRO TAX LLC

We are a full-service Accounting firm licensed in NJ. We offer a broad range of services for business owners, executives, and independent professionals. We are affordable, experienced, and friendly.

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