



# FMA of New Hampshire - Kicking off 2017

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MOODY, FAMIGLIETTI & ANDRONICO  
Certified Public Accountants & Consultants

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MFA – Moody, Famiglietti & Andronico

# About MFA – Moody, Famiglietti & Andronico

- Proactive CPA and consulting firm with national and global reach
- Founded in 1981
- Over 150 professionals, including 25 partners
- Located in Tewksbury, Massachusetts

# About MFA – Moody, Famiglietti & Andronico

- Business Tax
- Individual, Family and Fiduciary Tax
- State and Local Tax
- Audit and Assurance
- Technical Accounting Advisory
- Transaction Services
- Valuation
- Litigation Support
- Fraud and Forensic Accounting
- Business Performance Enhancement
- Sarbanes-Oxley Compliance
- Internal Controls
- IT Advisory
- Wealth Management
- Retirement Plan Advisory
- Professional Staffing



# 2016 Corporate Update



Due dates under new law starting after December 31, 2015:

| Return Type                        | Original Due Date                             | Extended Due Date                              |
|------------------------------------|---|--|
| Partnership                        | March 15                                      | September 15                                   |
| S Corporation                      | March 15                                      | September 15                                   |
| C Corporation<br>(calendar)        | April 15                                      | September 15 *                                 |
| C Corporation<br>(June 30)         | September 15                                  | April 15 *                                     |
| C Corporation<br>(other fiscal YE) | 15 <sup>th</sup> day of 4 <sup>th</sup> month | 15 <sup>th</sup> day of 10 <sup>th</sup> month |



# 2016 Corporate Update



Due dates under new law starting after December 31, 2015:

| Return Type                         | Original Due Date | Extended Due Date |
|-------------------------------------|-------------------|-------------------|
| FBAR                                | April 15          | October 15        |
| Information Returns<br>(W-2, 1099s) | January 31 *      |                   |

# 2016 Corporate Update

The following states did not conform:

| States | Original due date<br>(calendar) |
|--------|---------------------------------|
| MA     | March 15                        |
| AR     | March 15                        |
| WI     | March 15                        |
| DE     | April 1 (April 3 for 2017)      |

# 2016 Corporate Update

- The “PATH” Act of 2015 made the Research & Development (“R&D”) tax credit under Section 41 permanent.
- Allows Eligible Small Businesses to utilize the credit against AMT
- Allows Eligible Start-up Companies to utilize the credit against Employer Payroll tax up to \$250,000



# 2016 Corporate Update

R&D tax credit to offset AMT - Eligible Small Businesses:

- privately held
- $\leq$ \$50M in average gross receipts for the three preceding tax years
- If the business (including predecessor entity) was not in existence for an entire three-year period, the gross receipts test applies to the period it was in existence, and gross receipts for short taxable years shall be annualized.





# 2016 Corporate Update

## R&D tax credit to offset payroll tax

- up to \$250,000 each year, 5 years maximum
- may utilize the credit against the employer portion of the FICA excise tax, in the following calendar quarter
- Eligible Start-up Companies:
  1. less than \$5 million in gross receipts in the current taxable year
  2. no gross receipts for any taxable year prior to the five-taxable-year period ending with the current taxable year

# 2016 Corporate Update



- New and Final Regulations on Internal Use Software effective for tax years ending on or after 1/20/2015
- Definition of Internal Use Software (IUS) has been narrowed
- High Threshold of Innovation Test for IUS
- These expand software-development activities eligible for the R&D credit

# 2016 Section 179 Small-Business Expensing

- The PATH Act made Section 179 small-business expensing permanent.
- The PATH Act permanently set the Section 179 dollar limit at \$500,000 with a \$2 million investment limit (with both amounts indexed for inflation), as opposed to reverting back to \$25,000 with a \$200,000 investment limit before phase-outs.
- The rule allowing the expensing of off-the-shelf computer software has also been made permanent.
- The Section 179 deduction is also limited to the taxpayer's taxable income. Any amount disallowed by this limitation may be carried forward and deducted in subsequent tax years. Subject to the investment limitations, Section 179 expensing will result in greater write-offs than bonus depreciation

# 2016 Qualified Leasehold/Retail Improvements, Restaurant Property

- The PATH Act made the 15-year recovery period for qualified leasehold improvements, qualified retail improvements and qualified restaurant property permanent.
- Qualified restaurant property is any Section 1250 property that is a building or an improvement to a building. More than 50% of the building's square footage must be devoted to preparation of meals and seating for on-premise consumption of prepared meals.

# New Capitalization Rules for Repairs

## *Final Repair/Capitalization Regulations*

- The IRS released the final “repair” regulations that explain when taxpayers must capitalize costs and when they can deduct expenses for acquiring, maintaining, repairing and replacing tangible property.
- The final regulations apply to tax years beginning on or after January 1, 2014. The IRS has recently issued much needed guidance to help taxpayers deal with implementing these rules as well as what change-of-accounting procedures should be followed.



# President-Elect Trump's Tax Proposals

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# President-Elect Trump's Tax Proposals

*Specifics uncertain but significant reform likely*

## FOR BUSINESS TAXPAYERS

- Decrease corporate tax rates from 35% to 15%
- Pass-through profits would be taxed at 15%
- Expense capital investments
- Cap/Eliminate Corporate interest expense
- Eliminate Corporate AMT

# President-Elect Trump's Tax Proposals

## INDIVIDUAL TAXATION

- **3 Tax Rates – MFJ (single - ½ of these amounts)**
  - Less Than \$75,000 – 12%
  - Between \$75,001 and \$225,00 – 25%
  - More Than \$225,000 – 33%
- **Some “low income” taxpayers would have 0% effective rate**
- **Maintain Capital gain structure (maximum of 20%)**
- **Carried interest would be taxed ordinary income**
- **Increase standard deduction to \$30,000**



# President-Elect Trump's Tax Proposals

- **Trump's Tax Plan Eliminates**
  - The Affordable Care Act (3.8% tax repealed)
  - The Alternative Minimum Tax (AMT)
  - Personal Exemptions
  - Head of Household filing status
  - Estate Tax
- **Itemized deductions to be capped at \$200,000**



# Questions?

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# How to Contact Me



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# Thank You

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