



Networking Luncheon

Lisa D'Ambrosio-Irons, Chairman

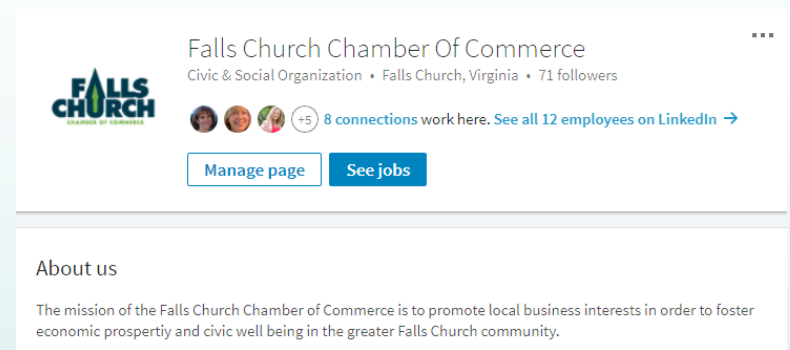
John Marshall Bank

March 20, 2018

Announcements

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 - Post questions, comments, event information



Turn off volume!

FC Chamber Networking Luncheon,
March 20, 2018

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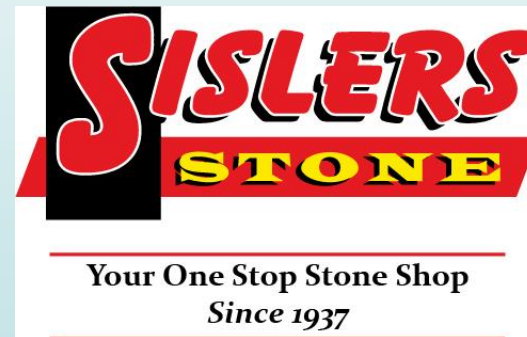
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FC Chamber Networking Luncheon,
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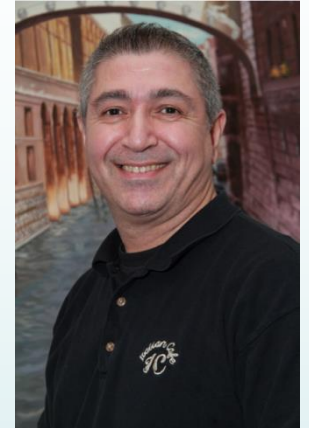
John N. Rodock of Baker, Donelson,
Bearman, Caldwell, & Berkowitz, PC

Tax Analysts

FC Chamber Networking Luncheon,
March 20, 2018

Thank You

- Younis and the Italian Café Team
- Brenda Schrier Photography
- Galleria Florist



Upcoming Events

Networking Mixer

- Hosted by Falls Church Wellness Center
 - 520 N. Washington Street, Suite 100
- Tuesday, April 3, 5:30 – 7 pm
 - Postponed a week due to Spring Break



FC Chamber Networking Luncheon,
March 20, 2018

Fire & Ice Gala

Congratulations to our award winners!

- Pillar of the Community

Gary LaPorta

- Carroll V. Shreve Award Winner

Joe Wetzel

- James S. Elkin Award Winner

The Falls Church Episcopal

- Chamber Appreciation Award Winner

The Hilton Garden Inn Falls Church



Fire & Ice Gala

Thank you to everyone who volunteered, donated, supported, sponsored, participated in the auction, and attended the Chamber's Fire & Ice Gala!

Look for our Thank You ad in the March 22 – 28 edition of the FCNP and be sure to check out Brenda's photos online at www.brendasphotos.com.





Self Introductions



Speaker Introduction

Robert Goulder, Tax Policy Counsel, Tax Analysts

- *Bob Goulder is senior tax policy counsel with Tax Analysts. He previously served as editor-in-chief of their international publications.*
- *His areas of expertise include inbound & outbound corporate taxation and Value-Added Taxes.*
- *Before joining Tax Analysts in 1999, he clerked at the U.S. Tax Court and practiced law in both Virginia and the District of Columbia. During that time he worked at the law firm Jones Day.*
- *He holds degrees from the University of Michigan and George Washington University.*
- *When he's not dreaming about the Internal Revenue Code, he enjoys spending time on the local bicycle paths of Northern Virginia.*

Tax Cuts and Jobs Act

**Background &
Summary of Key Provisions**

Tax Analysts

Overview

- ❑ P.L. 115-97, commonly referred to as the "Tax Cuts and Jobs Act" (TCJA).
- ❑ The most comprehensive reform of the Internal Revenue Code in 30 years.
- ❑ Became law on December 22, 2017; generally took effect January 1, 2018.
- ❑ Broad application to individuals and businesses, both domestically and internationally.

Stated Intentions

- Stimulate U.S. economic growth through tax rate cuts.
- Provide relief for middle and working class families.
- Make U.S. corporations competitive in global economy.
- Simplify the tax code where possible.

Legislative Process

- ❑ Enacted under special procedure known as “reconciliation”:
 - ❑ *House*: Simple majority (227–203);
 - ❑ *Senate*: Simple majority (51-49); avoid need for 60 vote super-majority;
 - ❑ Dems not able to filibuster the bill

- ❑ Budget Reconciliation Act: Permits TCJA to increase the deficit by up to \$1.5 trillion over 10-year budget window (2018-2027).

- ❑ Many provisions for individual taxpayers are temporary, while most of the key provisions for businesses are permanent.

Implementation

- ❑ Administrative guidance from Treasury Department will be necessary to properly implement TCJA.
- ❑ Expectation that guidance projects will be released gradually over the next 12 to 18 months.
- ❑ Potentially affected by Executive Order (January 2017), requiring federal agencies to eliminate two old regulations for each new regulation issued.

Individual Tax Rates

- ❑ Ordinary income. Top marginal rate reduced to 37% (from 39.6%) for single filers with taxable income over \$500,000; for joint filers with income over \$600,000. [Reverts to prior rates after 2025].
- ❑ Capital Gains & Qualified Dividends. Current system retained where net capital gains and qualified dividends are subject to maximum rate of 20%.
- ❑ Net Investment Income Tax. 3.8% tax retained.

Individual Deductions & Exemptions

- ❑ Standard Deduction. Increased to \$12,000 for individual filers; \$24,000 for married joint filers.
- ❑ Personal Exemption. Suspended through 2025.
- ❑ Deductions:
 - ❑ Mortgage interest expense – reduced to \$750,000.
 - ❑ Home equity loan interest expense – repealed.
 - ❑ S.A.L.T. deduction – reduced to \$10,000
 - ❑ Alimony deduction – eliminated (as of 2019)
 - ❑ Charitable/Medical deductions – survive with modifications

Pass-Through Entities

(e.g., Partnerships, LLCs, S-Corps)

- ❑ 20% deduction for qualified business income of individuals and trusts that own pass-through entities such as partnerships, LLCs or S corps.

- ❑ Deduction cannot exceed the greater of:
 - ❑ 50% of taxpayer's allocable share of W-2 wages; and
 - ❑ 25% of taxpayer's allocable share of W-2 wages + (2/5th of depreciable assets)

- ❑ Deduction not available for specified service business (*e.g.*, personal service businesses such as accounting, law, consulting or medicine; exception for architects and engineers.)

Business Changes

- ❑ Corporate income tax rate: Reduced to 21% from 35%.
- ❑ Corporate AMT: Repealed.
- ❑ Cost Recovery: Temporary 100% expensing of qualifying business assets.
- ❑ Interest Expense. Deduction limited to interest income + 30% of adjusted taxable income.
 - ❑ ATI defined as *EBITDA* for years before 2022; and *EBIT* for years after 2022.
 - ❑ Rule limited to businesses with average gross receipts *over* \$25 million and certain real property trades or businesses can elect out.
- ❑ NOL: Limited to 80% of taxable income; carried forward indefinitely
- ❑ Changes Permanent.

International Provisions

(Territorial vs. Worldwide)

- ❑ Mandatory Repatriation: TCJA includes one-time “transition tax” as part of shift to territorial corporate regime.
 - ❑ Deemed repatriation of previously accrued foreign profits.
 - ❑ Applicable rates: 15.5% (cash equivalents) and 8% (non-cash assets)
 - ❑ Payable over eight years
 - ❑ Repeals the “lock-out effect” which encourages profit shifting
 - ❑ Most of our trade partners already have territorial regimes.

- ❑ Asymmetrical Design: Territorial treatment available to corporate taxpayers, but transition tax applies to all taxpayers (regardless of form)
 - ❑ Individual taxpayers not entitled to Foreign Tax Credits
 - ❑ May encourage greater use of section 962 election

Comparison of Old & New Tax Rates

(... but how long will these last?)

	Old	New
Individual	39.6%	37%
Pass-Thru	39.6%	29.6%
Corporate	35%	21%
Dividends	20%	20%
Net Investment Income	3.8%	3.8%



Thank You!

Raffle

