Investment Advisor Roundtable
2016 Year-End Tax Update

November 15, 2016

Wolf & Company, P.C.

- Founded in 1911
- Over 180 professionals
- Offices:
  - Boston, Massachusetts
  - Springfield, Massachusetts
  - Albany, New York
  - Livingston, New Jersey
- PCAOB registered & inspected
- Member of AICPA Center for Audit Quality
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Investment Advisors and Funds

Wolf & Company provides guidance to investment advisors and alternative investment funds by offering a broad range of audit, tax and consulting services including:

- Financial statement audits & reviews
- Tax planning and compliance
- Service Organization Control Reports (SSAE 16/ SAS 70)
- Global Investment Performance Standards (GIPS) verification
- SEC security count examinations
- Merger and acquisition planning and due diligence
- Consultations:
  - Organizational structure
  - Partnership allocations
  - Succession planning
  - Compensation strategies
  - Alternative investment valuations
- USA Patriot Act reviews
- Disaster recovery planning
- Data privacy guidance
- Network security reviews
- Technology risk assessment

Today's Presenter

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Member of the Firm

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Today's Agenda

- Current Year Update
- Look Ahead
- Planning Strategies
- Questions & Answers

New Tax Return Due Date

Effective Tax Years Beginning After 12/31/15		Calendar Year-End Taxpayer Prior Years	Current
Partnerships	Original Due Date	April 15^{th}	**March 15^{th}**
	Extended Due Date	September 15^{th}	September 15^{th}
S Corporations	Original Due Date	March 15^{th}	March 15^{th}
	Extended Due Date	September 15^{th}	September 15^{th}
Trusts & Estates	Original Due Date	April 15^{th}	April 15^{th}
	Extended Due Date	September 15^{th}	**September 30^{th}**
C Corporations	Original Due Date	March 15^{th}	**April 15^{th}**
	Extended Due Date	September 15^{th}	September 15^{th}
Individuals	Original Due Date	April 15^{th}	April 15^{th}
	Extended Due Date	October 15^{th}	October 15^{th}
FBAR/FinCIN Report 114	Original Due Date	June 30^{th}	**April 15^{th}**
	Extended Due Date	N/A	**October 15^{th}**

Partner-Employee Dual Status Disallowed Under New Regulations

- **IRS has historically asserted partners cannot be treated as "employees"**
  - Compensation ≠ subject to income tax or FICA withholding
  - Certain fringe benefits = taxable
    - Health insurance
    - Health savings accounts (HSA)
    - Group-term life insurance
    - Disability insurance
    - Qualified transportation fringe benefits
  - Cannot participate in cafeteria plan
- **Disregarded entity (DRE) treated a separate entity for employment tax purposes under existing regulations**
  - Dual status attained by having partners become employees of a DRE wholly owned by partnership
    - Compensation treated as wages reported on W-2 & subject to withholding
    - Distributive share of partnership taxable income reported on K-1

Partner-Employee Dual Status Disallowed Under New Regulations

- **New regulation affirmed IRS position and clarified a DRE wholly owned by a partnership is not treated as a separate entity for purposes of employing partners**
  - Compensation paid to partners = guaranteed payments
    - Gross amount reported on K-1
    - Estimated tax payments required to remit income tax + self-employment tax
- **Effective date = later of (i) 08/16/16 or (ii) the 1st day of the latest enrollment date for any affected plan sponsored by a DRE**
- **Preamble to regulations reflects IRS willingness to reconsider position in certain situations; e.g. – compensatory grant of "small" partnership interest to employee**

Proposed Regulation Limit Valuation Discounts for FLPs

- **Current regulations permit a valuation discount to reflect any restrictions that effectively limit the transferee's right to force liquidation of a family controlled partnership or corporation**
- **Discount is permitted so long as the restriction within the governing document is not more restrictive than the limitations that would apply by default under state law in absence of the restriction**
  - To attract and retain family businesses states enacted more restrictive control and transfer provisions while continuing to allow businesses to avoid the restrictive provisions through the governing documents.
- **Under the proposed regulations only those restrictions that are explicitly mandatory under state law will be taken into consideration in valuing the interest**

Proposed Regulation Limit Valuation Discounts for FLPs

- **Loss of discount = higher estate & gift tax on transfer of interests in FLP and family owned businesses**
- **Possibility of closing window of opportunity could prompt increased gifting prior to year-end**
- **Effective date = uncertain**
  - Effective once finalized
  - Public hearing scheduled 12/01/16
  - Multiple Congressional proposals to withdraw regulations
  - Congressional GOP & Trump proposals to eliminate estate & gift taxes

Accounting for Gain/Loss on Money Market Fund Shares

- **New SEC rules became effective 10/14/16**
  - Floating NAV required for institutional prime & municipal money market funds (MMFs).
  - Both retail & institutional prime MMFs & municipal MMFs may charge redemption fees of up to 2% on during times of extreme volatility.
- **New rules = potential for losses realized on MMF redemptions**
  - Decrease in floating NAV
  - Redemption fees
- **Wash sale rules would impose significant burden given frequency of MMF purchases & redemption (e.g. – daily sweep accounts).**

Accounting for Gain/Loss on Money Market Fund Shares

- **New regulations allow taxpayers to account for gain/loss on MMF redemptions under a simplified "NAV method"**
  - Gain/loss is not calculated for each redemption.
  - Gain/loss is calculated based on aggregate transactions during a selected "computation period"
    - May be equal or varying lengths
    - No overlap between periods or years
  - Net gain/loss = ending account balance – beginning account balance - purchases - dividend reinvestments + redemptions.
  - Net gain/loss for taxable year is the sum of net gain/loss for each computation period within the taxable year.
  - Net gain/loss = short-term capital gain/loss
- **Adoption of NAV method = change in accounting method**
  - Automatic consent procedures
  - Form 3115 = required to adopt for floating NAV MMF
  - Form 3115 ≠ required to adopt for stable NAV MMF

Accounting for Gain/Loss on Money Market Fund Shares

- Example: On January 1st shareholder owns 5,000,000 shares of MMF with an adjusted basis of $5,000,000. During the year the shareholder receives $32,158 of dividends which are reinvested in the fund, purchases additional shares for $1,221,098, and redeems shares for $1,124,592. Ending account value on December 31st is $5,129,750.

Ending value	$5,129,750
Beginning value	(5,000,000)
Purchases	(1,221,098)
Dividend reinvestments	(32,158)
Redemptions	1,124,592
Net short-term capital gain	$1,086

New Partnership Audit Rules

- **Effective tax years beginning after 2017**
  - May elect to adopt for any tax year beginning after 11/02/15
- **Existing rules = any underpayment resulting from audit of partnership is assessed and collected separately at the partner level**
  - Cost & complexity impaired IRS ability to audit large partnerships
- **New rules centralize assessment & collection of tax**
- **General rule = underpayment, penalties, & interest will be assessed and collected from partnership rather than the partners**
  - Tax attributable to adjustments from prior years will be assessed in the year in which the audit is completed
    - Shifts the economic burden to current partners
  - Assessment = net adjustment x highest individual or corporate tax rate that was in effect in the year under audit

New Partnership Audit Rules

- Decreases in taxable income resulting from audit = ordinary deduction in year in which the audit is completed
  - Potential recharacterization of capital losses?
- Adjustments to allocations between partners are not netted; decreases in distributive shares are disregarded
  - Partnership would be assessed tax for incorrect allocation despite no increase in partnership taxable income
  - Example: A partnership with 2 partners, L and M, allocates $100,000 of income to L and $70,000 of expenses to M for Year 1. Upon completing an audit in Year 3 the IRS determines the $70,000 of expenses should be reallocated from M to L. Assume the highest federal income tax rate applicable to individuals or corporations for Year 1 is 39.6%.
    - Partnership taxable income - reported =$30,000
    - Partnership taxable income - audited = $30,000
    - Assessed income tax = $27,720 ($70,000 x 39.6%)

New Partnership Audit Rules

- IRS authorized to issue regulations to modify any imputed underpayment to reflect:
  - Amounts paid with amended returns filed by partners
  - Amount of adjustment allocable to tax-exempt partners
  - Amounts allocated to corporate partners
    - Highest individual income tax rate = 39.6%
    - Highest corporate income tax rate = 35%
  - Character of adjusted items
    - Highest individual income tax rate – ordinary income = 39.6%
    - Highest individual income tax rate – qualified dividends & LTCG = 20%
  - Other items – NOL & capital loss carryforwards?
- Final assessment of imputed underpayment would be delayed 270 days in order to provide time to gather information in support of modification
- Payment of imputed underpayment = nondeductible expense
  - Decrease to partner basis

New Partnership Audit Rules

- **"Push Out" election**
  - Partnership may elect within 45 days of conclusion of audit
    - Manner of making election – TBD.
  - Partnership must provide IRS and partners who held interests during the audited year a statement reporting each partner's distributive share of any adjustments resulting from audit
  - Distributive share of adjustment must be included in partner's taxable income for the year in which the notice is received
    - No amended return for audited year
  - Taxable income would also need to adjusted to reflect subsequent year tax attributes to reflect changes
    - E.G. – Adjustment to basis for sale of partnership interest sold in interim.
  - Individual partner is reasonable for remittance of tax, interest, & penalties
    - Interest assessed from due date of partner's tax return for the audited year
    - Interest rate = underpayment rate + 2%
  - Availability to UTP in tiered partnerships = TBD

New Partnership Audit Rules

- **General rule and "push-out" rules also apply to Administrative Adjustment Request filed by partnership**
  - Amended returns may not be filed after extended due date for Form 1065
- **Partnership must designate a "partnership representative"**
  - Does not need to be a partner
  - Significantly more power than Tax Matters Partner under old rules
    - Sole & binding authority to act on behalf of partnership & partners
    - The only individual who will receive notices of audit, proposed adjustments, & final adjustments

New Partnership Audit Rules

- **"Opt Out" election**
  - Audit will not be conducted as an entity level proceeding
    - Partners' distributive shares of taxable income are audited
    - Tax assessed individually at partner level
  - Eligibility
    - # of partners ≤ 100
      - Must include shareholders in any S corporation partner
    - No partnership interests held by
      - Partnership
      - Trust (including grantor trust)
  - Annual election
    - Made with timely filed Form 1065
    - Include name & TIN of each partner (including S corporation shareholders)
    - Must notify partners of election

New Partnership Audit Rules

- **Considerations**
  - Amendment to require "opt-out" election if eligible
  - Amendment to prohibit transfer to entities which would terminate or prohibit "opt-out" election
  - Amendment to require "push-out" election
  - Amendment requiring partners from the audited year to reimburse the partnership for imputed underpayments
    - Particularly relevant if ownership varies
  - Amendment to establish procedures for selecting a "partnership representative"
    - Appointment of partner(s) to direct or guide the decisions of the designee.
  - Increased due diligence with purchase of partnership interest
    - Potential assumption of unknown liabilities
  - Financial accounting treatment – ASC 740-10
  - State adoption

Tax Reform Proposals

	Current	Trump Administration	GOP House
Individual Income Tax			
Ordinary income tax rates	10% 15% 25% 28% 33% 35% 39.6%	12% 25% 33% *Corp. tax rate = 15% will apply to income from PTEs & sole proprietorships*	12% 25% 33% *Maximum Rate on "business income" from PTEs & sole proprietorships = 25%*
Long-term capital gains tax rates	0% 15% 20%	0% 15% 20%	6% 12.5% 16.5%
Net investment income tax	3.8%	0%	0%
Medicare surtax	0.9%	0%	0%
AMT	26% 28%	0%	0%
Personal exemption	$4,050	$0	$0
Standard deduction	Single $6,300	Single $15,000	Single $12,000
	MFJ $12,600	MFJ $30,000	MFJ $24,000

Tax Reform Proposals

<table>
<tr><th></th><th colspan="2">Current</th><th colspan="2">Trump Administration</th><th>GOP House</th></tr>
<tr><td colspan="6">Individual Income Tax</td></tr>
<tr><td colspan="6">Itemized deductions</td></tr>
<tr><td>Medical & dental</td><td colspan="2">√</td><td colspan="2">√</td><td></td></tr>
<tr><td>State taxes</td><td colspan="2">√</td><td colspan="2">√</td><td></td></tr>
<tr><td>Mortgage Interest</td><td colspan="2">√</td><td colspan="2">√</td><td>√</td></tr>
<tr><td>Charitable contributions</td><td colspan="2">√</td><td colspan="2">√</td><td>√</td></tr>
<tr><td>Miscellaneous itemized deductions</td><td colspan="2">√</td><td colspan="2">√</td><td></td></tr>
<tr><td rowspan="2">Limitation</td><td colspan="2">Phase-Out = 3%
AGI > Threshold</td><td colspan="2">Cap</td><td rowspan="2"></td></tr>
<tr><td>Single
$259,400</td><td>MFJ
$311,300</td><td>Single
$100,000</td><td>MFJ
$200,000</td></tr>
</table>

Tax Reform Proposals

	Current	Trump Administration	GOP House
Corporate Income Tax			
Rate	35%	15%	20%
AMT	20%	0%	0%
CAPEX write-off	§ 179 Deduction: $500,000 *(phased-out to extent CAPEX > $2M)* Bonus depreciation = 50%	100% Manufacturers	100%
Interest Expense Limitation	None	“Reasonable” cap *(No deduction for manufacturers claiming CAPEX write-off)*	Deductible to extent of interest income (Excess = indefinite carryforward)
Estate & Gift Tax			
Maximum rate	40%	0%	0%
Basis	Gifts = carryover basis Bequest = Basis step-up	Carryover basis (Income tax exemption: built-in capital gains ≤ $10,000,000)	Basis step-up

Looking Ahead

- **Massachusetts Angel Investor Tax Credit**
  - Effective 01/01/17
  - Eligible taxpayer = accredited investor
    - Eligibility of a partnership classified as accredited investor = uncertain
    - May not be principal owner
    - May not be involved in the business on a full-time basis
  - Credit = 20%/30% of equity investment in a “qualifying business”
    - 30% credit = “qualifying business” located within a designated “Gateway Community”
    - Investment in pooled investment fund with institutional investors = ineligible
    - Maximum investment per qualifying business: $125,000 (annual); $250,000 (total)
    - Annual limit on credit claimed = $50,000
    - Credit may be claimed in year in which investment is funded or subsequent 3 years
    - Credit carryforward = 3 years
    - Subject to recapture if “qualifying business” ceases to maintain principal place of business within MA within 3 years of investment

Looking Ahead

- **Massachusetts Angel Investor Tax Credit**
  - Qualifying Business
    - Principal place of business within MA
    - At least 50% of employees located at principal place of business
    - Fully developed business plan
    - Full-time employees ≤ 20 at time of initial investment
    - Obtained federal EIN
    - Prior year gross revenues ≤ $500,000
    - Cannot be engaged in following industries:
      - Retail
      - Real estate
      - Professional services
      - Gaming
      - Financial services

Looking Ahead

- **Massachusetts Angel Investor Tax Credit**
  - Investment may not be used to fund
    - Dividends
    - Redemptions
    - Debt to/from shareholders or investor
    - Payment of wages & benefits to investor
  - Eligibility and compliance will be administered by the Massachusetts Life Sciences Center
  - Awaiting issuance of regulations

2016 Year End Tax Planning

- **Traditional strategies – timing of income & deductions**
  - Marginal rate expected to be lower next year = defer income & accelerate deductions
  - Marginal rate expected to be same or higher next year = accelerate income & defer deductions
    - Expiring deduction or credit carryforward
  - Additional considerations
    - Alternative minimum tax (AMT)
    - Itemized deduction limitations & phase-outs
    - Interplay between MAGI & NII
- **Business deduction - year-end bonuses**
  - Accrual basis taxpayer – deductible if paid on or before March 15th
    - Exception = amounts payable to S corp. shareholder must be paid on or before December 31st
  - Guaranteed payments = included in partner's income in the year in which the partnership claims the deduction

2016 Year End Tax Planning

- **CAPEX write-offs**
  - Section 179 deduction
    - Enhanced write-offs reinstated permanently
    - 2016 maximum write-off = $500,000
      - Indexed for inflation going forward
      - 2017 maximum = $510,000
    - 2016 investment limit = $2,010,000
      - Indexed for inflation going forward
      - 2017 limit = $2,030,000
    - Qualified property = MACRS recovery life ≤ 20 years
      - Non-customized software
      - Computer equipment
      - Furniture & fixtures
      - Qualified leasehold improvements
      - Cars – maximum = $3,160
      - Heavy SUVs (GVWR > 6,000 lbs.) - $25,000
    - Property must be placed in service on or before year-end

2016 Year End Tax Planning

- **CAPEX write-offs**
  - Bonus depreciation
    - Reinstated through 2019
      - 2016 & 2017 = 50%
      - 2018 = 40%
      - 2019 = 30%
    - Qualified property = MACRS recovery life ≤ 20 years
      - Non-customized software
      - Computer equipment
      - Furniture & fixtures
      - Qualified leasehold improvements
      - Cars – maximum = $8,000
      - Heavy SUVs (GVW > 6,000 lbs.) - unlimited
    - Original use requirement
    - Property must be placed in service on or before year-end

2016 Year End Tax Planning

- **CAPEX write-offs**
  - "De Minimis" expensing safe harbor
    - May elect to expense the cost of property that does not exceed a designated threshold per invoice or item
      - Taxpayers issuing audited financial statements - $5,000
      - Taxpayer not issuing audited financial statements - $2,500
    - Election made by attaching statement to tax return
    - Expensing must be consistent with written accounting policy applied for book purposes.
      - Policy must be in effect at the beginning of the tax year
    - Expensed items are not taken into account in determining Section 179 investment limit
    - Example: Company has a written accounting policy at the beginning of the 2016 to expense amounts paid for property costing $5,000 or less. Company issues audited financial statements. During 2016 the company pays $6,250,000 to buy 1,250 machines at $5,000 each. Invoicing from supplier indicates the price per item ($5,000) and the total amount due ($6,250,000). Full amount is eligible for expensing under "de minimis"

2016 Year End Tax Planning

- **Portfolio rebalancing**
  - Fixed income: tax-exempt municipal bonds = more attractive
    - Higher after-tax yield since interest ≠ subject to income tax or NIIT
  - Non-dividend paying growth stocks = more attractive
    - Deferral
    - Capital loss offset
  - Hold less tax-efficient investments in tax-deferred retirement accounts
    - Dividend paying stocks
    - Taxable bonds
  - Gifting of appreciated positions & less tax-efficient investments to family members
    - 0% capital gain rate
    - MAGI < threshold

2016 Year End Tax Planning

- **Harvesting of capital gains & losses**
  - Financial objectives must also be considered
  - Sell positions on or before December 31st
    - Gain on short sale = recognition based on trade date
    - Loss on short sale = recognition based on settlement date
  - Efficient tax harvesting = intricate process that needs to take into consideration a number of factors
    - Compute year-to-date realized gains & losses
    - Rate differential on short-term gain vs. long-term gain
      - Generally preferable to use long-term capital losses to offset short-term capital gains taxed at higher rate
      - Net realized loss - consider recognizing short-term capital gains
    - AMT rate – impact on net short-term capital gain
  - Consider mutual fund capital gain distributions
    - Anticipated to be higher than average this year due to higher than normal fund redemptions

2016 Year End Tax Planning

- **Worthless Securities**
  - Deemed sale for no consideration on last day of tax year in which security becomes worthless
  - Must be able to establish based on facts and circumstances
    - Lack of liquidating value (assets < liabilities)
    - No reasonable expectation of any future value
      - Typically established by occurrence of some identifiable event such as bankruptcy (Chapter 7), cessation of business, liquidation, or receivership
  - Consider sale to unrelated party for nominal or no consideration

2016 Year End Tax Planning

- **Wash sale rules**
  - Deferral of loss on long position if substantially identical securities are purchased 30 days before or after date of sale
  - Deferral of loss on short position if substantially identical securities are sold or shorted 30 days before or after closing
  - Substantially identical
    - Options & warrants to acquire securities
    - Sale of a "deep in the money" put
    - Convertible securities
    - Determination for bonds, call options, & put options = more abstract
  - Must consider each taxable brokerage account as well as IRA accounts

2016 Year End Tax Planning

- **Strategies to avoid wash sales**
  - Doubling up: to maintain position purchase additional shares at least 31 days prior to selling original position
  - Sell original holding & repurchase at least 31 days later
    - Upside risk
  - Sell original holding & purchase securities in a different company within the same sector

Inflation Adjusted Amounts

Retirement Plan Limitations		
	2016	**2017**
401(k) elective deferrals	$18,000	$18,000
401(k) catch-up contribution (age 50+)	$6,000	$6,000
IRA contributions (traditional & Roth)	$5,500	$5,500
IRA catch-up contributions - Age 50+ (traditional & Roth)	$1,000	$1,000
Defined contribution plan – annual additions	$53,000	$54,000
Defined benefit plan – annual accrual	$210,000	$215,000
Annual compensation limit	$265,000	$270,000

Inflation Adjusted Amounts

Miscellaneous		
	2016	**2017**
Social Security tax wage base	$118,500	$127,200
Qualified transportation fringe benefit - parking	$255	$255
Qualified transportation fringe benefit – transit pass	$255	$255
Annual gift tax exclusion	$14,000	$14,000
Estate & gift tax – unified credit	$5,450,000	$5,490,000

Inflation Adjusted Amounts

		Single	Married Filing Joint	Married Filing Separate	Head of Household
Standard Deduction	2016	$6,300	$12,600	$6,300	$9,300
	2017	$6,350	$12,700	$6,350	$9,350
Personal Exemption	2016	$4,050	$4,050	$4,050	$4,050
	2017	$4,050	$4,050	$4,050	$4,050
Personal Exemption Phase-out – AGI (Beginning)	2016	$259,400	$311,300	$155,650	$285,350
	2017	$261,500	$313,800	$156,900	$287,650
Personal Exemption Phase-out – AGI (Complete)	2016	$381,900	$433,800	$216,900	$407,850
	2017	$384,000	$436,300	$218,150	$410,150
Phase-out of Itemized Deductions ("Pease Limitation") – AGI	2016	$259,400	$311,300	$155,650	$285,350
	2017	$261,500	$313,800	$156,900	$287,650
Phase-out of Roth Contribution - MAGI	2016	$117,000 $132,000	$184,000 $194,000	$0 $10,000	$117,000 $132,000
	2017	$118,000 $133,000	$186,000 $196,000	$0 $10,000	$118,000 $133,000

Inflation Adjusted Amounts

		Single	Married Filing Joint	Married Filing Separate	Head of Household	Trusts & Estates
AMT Exemption	2016	$53,900	$83,800	$41,900	$53,900	$23,900
	2017	$54,300	$84,500	$42,250	$54,300	$24,100
AMT Exemption Phase-out (Beginning)	2016	$119,700	$159,700	$79,850	$119,700	$79,850
	2017	$120,700	$160,900	$80,450	$120,700	$80,450
AMT Exemption Phase-out (Complete)	2016	$335,300	$494,900	$247,450	$335,300	$175,450
	2017	$337,900	$498,900	$249,450	$337,900	$176,850
AMT – 28% Rate	2016	$186,300	$186,300	$93,150	$186,300	$186,300
	2017	$187,800	$187,800	$93,900	$187,800	$187,800
NIIT (3.8%) MAGI Threshold	2016	$200,000	$250,000	$125,000	$200,000	$12,301
	2017	$200,000	$250,000	$125,000	$200,000	$12,501

Federal Tax Rates
Single

2016		
Taxable Income	Ordinary Income	Long-Term Capital Gains & Qualified Dividends
$0 - $9,275	10%	0%
$9,276 - $37,650	15%	0%
$37,651- $91,150	25%	15%
$91,151- $190,150	28%	15%
$ 190,151 - $413,350	33%	15%
$413,351 - $415,050	35%	15%
≥ $415,051	39.6%	20%

2017		
Taxable Income	Ordinary Income	Long-Term Capital Gains & Qualified Dividends
$0 - $9,325	10%	0%
$9,326 - $37,950	15%	0%
$37,951 - $91,900	25%	15%
$91,901 - $191,650	28%	15%
$191,651 - $416,700	33%	15%
$416,701 - $418,400	35%	15%
≥ $418,401	39.6%	20%

Federal Tax Rates
Married Filing Joint

2016			2017		
Taxable Income	Ordinary Income	Long-Term Capital Gains & Qualified Dividends	Taxable Income	Ordinary Income	Long-Term Capital Gains & Qualified Dividends
$0 - $18,550	10%	0%	$0 - $18,650	10%	0%
$18,551 - $75,300	15%	0%	$18,651 - $75,900	15%	0%
$75,301 - $151,900	25%	15%	$75,901 - $153,100	25%	15%
$151,901 - $231,450	28%	15%	$153,101 - $233,350	28%	15%
$231,451 - $413,350	33%	15%	$233,351 - $416,700	33%	15%
$413,351 - $466,950	35%	15%	$416,701 - $470,700	35%	15%
≥ $466,951	39.6%	20%	≥ $470,701	39.6%	20%

Federal Tax Rates
Married Filing Separate

2016		
Taxable Income	Ordinary Income	Long-Term Capital Gains & Qualified Dividends
$0 - $9,275	10%	0%
$9,276 - $37,650	15%	0%
$37,651 - $75,950	25%	15%
$75,951 - $115,725	28%	15%
$115,726 - $206,675	33%	15%
$206,676 - $233,475	35%	15%
≥ $233,476	39.6%	20%

2017		
Taxable Income	Ordinary Income	Long-Term Capital Gains & Qualified Dividends
$0 - $9,325	10%	0%
$9,326 - $37,950	15%	0%
$37,951 - $76,550	25%	15%
$76,551 - $116,675	28%	15%
$116,676 - $208,350	33%	15%
$208,351 - $235,350	35%	15%
≥ $235,351	39.6%	20%

Federal Tax Rates
Head of Household

2016		
Taxable Income	Ordinary Income	Long-Term Capital Gains & Qualified Dividends
\$0 - \$13,250	10%	0%
\$13,251- \$50,400	15%	0%
\$50,401 - \$130,150	25%	15%
\$130,151 - \$210,800	28%	15%
\$210,801 - \$413,350	33%	15%
\$413,351 - \$441,000	35%	15%
≥ \$441,001	39.6%	20%

2017		
Taxable Income	Ordinary Income	Long-Term Capital Gains & Qualified Dividends
\$0 - \$13,350	10%	0%
\$13,351 - \$50,800	15%	0%
\$50,801 - \$131,200	25%	15%
\$131,201 - \$212,500	28%	15%
\$212,501 - \$416,700	33%	15%
\$416,701 - \$444,500	35%	15%
≥ \$444,501	39.6%	20%

Federal Tax Rates
Trusts & Estates

2016		
Taxable Income	Ordinary Income	Long-Term Capital Gains & Qualified Dividends
$0 - $2,550	15%	0%
$2,551- $5,950	25%	15%
$5,951 - $9,050	28%	15%
$9,051 - $12,400	33%	15%
≥ $12,401	39.6%	20%

2017		
Taxable Income	Ordinary Income	Long-Term Capital Gains & Qualified Dividends
$0 - $2,550	15%	0%
$2,551 - $6,000	25%	15%
$6,001 - $9,150	28%	15%
$9,151 - $12,500	33%	15%
≥ $12,501	39.6%	20%

Thank You!

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