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Client Newsletter

Gittelman & Company, P.C.
Certified Public Accountants
Management Consultants

"Tomorrow's knowledge today"

2017 Firm Highlights

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A Quality Professional Services Organization Servicing Clients for More Than 33 Years:

- Accounting and auditing
- Tax planning and return preparation
- Business consulting and valuation services
- Litigation support and forensic accounting services

2017 was a productive year for our firm and for most of our clients. Economic growth was steady and balance sheets, cash flows and earnings generally improved. Many of our clients expanded and job growth was stronger than in past years.

We are studying the various tax reform legislation coming out of Washington on a minute by minute basis. The House and Senate versions are very different and we have no insight on which, if any, will become permanent legislation.

As we talk with our clients about year-end planning, the uncertainty of the tax reform makes it a significant challenge to plan and advise our clients.

As I look back on 33 years of service to our clients, I can't recall a more static world and national environment. So much of what we do is affected by social, political and economic issues.

I once again thank our clients and our loyal staff for their support and hope the future is brighter for all of us.

My best for a wonderful holiday season and a Happy New Year! God Bless the USA!

"In October of 2017, Gittelman & Company celebrated our 33rd year of providing professional services."

Inside this Issue:

Cost of Living Increases for 2018

The Government recently announced the following cost of living increases for 2018. Many remain unchanged from 2017:

1. The limitation on the annual benefit under a defined benefit plan increases from $215,000 in 2017 to $220,000 in 2018.
2. The annual compensation limit for additions to money purchases and SEP plans increases from $270,000 in 2017 to $275,000 for 2018.
3. Elective deferrals to 401(k) plans increase from $18,000 in 2017 to $18,500 in 2018. The catch-up contribution for individuals age 50 also remains at $6,000 for 2018.
4. The limitations for contributions to deferred contribution and SEP plans increases from $54,000 in 2017 to $55,000 in 2018.
5. The maximum deferral under simple retirement accounts remains at $12,500 for 2018 with a catch up of $3,000 for individuals age 50 or over.
6. IRA contributions (including Roth IRA's) remain at $5,500 for 2018 and $1,000 for catch up contributions for individuals age 50 or over.
7. Wages subject to social security tax increase to $128,700 in 2018 from $127,200 in 2017.
8. For gifts made in 2018, the gift tax annual exclusion increases to $15,000 ($30,000 for married couples). Up from $14,000 in 2017).
9. The Estate Tax Exclusion is $5,600,000 for 2018, increased from $5,490,000 in 2017.
10. The foreign income exclusion for those taxpayers living outside the USA will increase to $104,100 for 2018 (up from $102,100 in 2017).
11. Election to expense certain depreciable assets (Code Section 179) increases to $520,000 in 2018 from $510,000 in 2017.

"Clients should be aware of the cost of living increases for 2018."

Recent Developments That May Affect Your Tax Situation

The following is a summary of important tax developments that have occurred in the past three months that may affect you, your family, your investments, and your livelihood. Please call us for more information about any of these developments and what steps you should implement to take advantage of favorable developments and to minimize the impact of those that are unfavorable.

President Trump and key lawmakers reveal tax reform plan. The Trump Administration and select members of Congress have released a "unified framework" for tax reform. The document provides more detail than a number of other tax reform documents that have emerged from the Administration over the past few months, but it still leaves many specifics to be worked out by the tax-writing committees (i.e., the House Ways and Means Committee and the Senate Finance Committee).

Plan provisions affecting individuals would:

- increase the standard deduction to $24,000 for married taxpayers filing jointly, and $12,000 for single filers;
- eliminate the personal exemption and the additional standard deductions for older/blind taxpayers;
- reduce the number of tax brackets from seven to three: 12%, 25%, and 35%;
- increase the child tax credit;
- repeal the individual alternative minimum tax;
- largely eliminate itemized deductions, but retain the home mortgage interest and charitable contribution deductions; and
- repeal both the estate tax and the generation-skipping transfer tax.

Plan provisions affecting businesses would:

- provide a maximum 25% tax rate for "small" and family-owned businesses conducted as sole proprietorships, partnerships and S corporations;
- reduce the corporate tax rate to 20% (down from the current top rate of 35%);
- provide full expensing for five years;
- partially limit the deduction for net interest expense incurred by C corporations;
- repeal most deductions and credits, but retain the research and low-income housing credits;
- modernize special tax rules that apply to certain industries and sectors;
- provide a 100% exemption for dividends from foreign subsidiaries; and
- protect the U.S. tax base, tax the foreign profits of U.S. multinational corporations at a reduced rate and on a global basis.

Recent Developments That May Affect Your Tax Situation (continued)

Disaster tax relief legislation. On September 29, President Trump signed into law the "Disaster Tax Relief and Airport and Airway Extension Act of 2017" (P.L. 115-63). The Act provides temporary tax relief to victims of Hurricanes Harvey, Irma, and Maria. Relief for individuals includes, among other things, loosened restrictions for claiming personal casualty losses, tax-favored withdrawals from retirement plans, and the option of using current or prior year's income for purposes of claiming the earned income and child tax credits. Businesses that qualify for relief may claim a new "employee retention tax credit" of 40% of up to $6,000 of "qualified wages" paid by employers affected by Hurricanes Harvey, Irma, and Maria (for a maximum credit of $2,400 per employee). In addition to the new law, IRS has granted specific administrative hurricane relief, for example, extending various deadlines, encouraging leave-based donation programs for hurricane victims, and allowing retirement plans to make hardship distributions.

Treasury to roll up myRA program. On July 28, the Treasury Department announced that it would begin winding down the myRA (my Retirement Account) program—a type of government-administered Roth IRA initially offered by Treasury beginning in 2014. Noting that demand for and investment in the myRA program had been extremely low, Treasury stated that it would phase out the program over the following months. The myRA program would no longer accept new enrollments, but existing accounts were to remain open and accessible, so that individuals could continue to manage their accounts until further notice. Individuals could make deposits, and their accounts would continue to earn interest. Funds in myRA accounts remained in an investment issued by the Treasury Department.

Simplified per-diem increase for post-Sept. 30, 2017 travel. An employer may pay a per-diem amount to an employee on business-travel status instead of reimbursing actual substantiated expenses for away-from-home lodging, meal and incidental expenses (M&E). If the rate paid doesn't exceed the IRS-approved maximums, and the employee provides simplified substantiation, the reimbursement isn't subject to income- or payroll-tax withholding and isn't reported on the employee's Form W-2. Instead of using actual per-diems, employers may use a simplified "high-low" per-diem, under which there is one uniform per-diem rate for all "high-cost" areas within the continental U.S. (CONUS), and another per-diem rate for all other areas within CONUS. The IRS released the "high-low" simplified per-diem rates for post-Sept. 30, 2017, travel. Under the optional high-low method for post-Sept. 30, 2017 travel, the high-cost-area per diem is $284 (up from $282), consisting of $216 for lodging and $68 for M&E. The per-diem for all other localities is $191 (up from $189), consisting of $134 for lodging and $57 for M&E.

Honest mistake no excuse for incorrectly claimed advance premium tax credit. In what appears to be the first case of its kind—although others are likely to follow—the Tax Court ruled that taxpayers who didn't qualify for the premium tax credit under the Affordable Care Act (Obamacare) because their modified adjusted gross income exceeded 400% of the federal poverty level had to repay all the advance premium tax credit paid on their behalf to their insurer. A sympathetic Tax Court noted that while their state health insurance Marketplace may have incorrectly informed the taxpayers that they were eligible for the credit for 2014, the Court's hands were tied by the Code and regs. The simple fact was that the taxpayers' income exceeded eligible levels and that they had to repay the advance premium tax credit payments.

Safe harbor for financially distressed homeowners extended. The IRS has extended through 2021 guidance on the tax consequences of programs that involve payments made to or on behalf of financially distressed homeowners, including a safe harbor method for computing a homeowner's deduction for payments made on a home mortgage. For tax years 2010 through 2021, an eligible homeowner (i.e., one who meets the requirements of Code Sec. 163 (dealing with deducting interest) and Code Sec. 164 (dealing with deducting taxes), and participates in a State program in which the program payments could be used to pay interest on the home mortgage) may deduct the lesser of:

(1) the sum of all payments on the home mortgage that the homeowner actually makes during a tax year to the mortgage servicer or the State housing finance agency; or

(2) the sum of amounts shown on Form 1098, Mortgage Interest Statement, for mortgage interest received, real property taxes, and, if deductible for the tax year, mortgage insurance premiums. (The deduction for mortgage insurance premiums under Code Sec. 163(h)(3)(E) expired at the end of 2016, but it is one of those tax provisions that have been repeatedly extended in the past).

The IRS also extended penalty relief related to information reporting for mortgage servicers and state housing finance agencies.

Gittelman & Company, P.C. Encourages Year-end Tax Planning

As the end of the year approaches, it is a good time to think of planning moves that will help lower your tax bill for this year and possibly the next.

We have compiled a checklist of actions based on current tax rules that may help you save tax dollars if you act before year-end. Not all actions will apply in your particular situation, but you (or a family member) will likely benefit from many of them. We can narrow down the specific actions that you can take once we meet with you to tailor a particular plan. In the meantime, please review the following list and contact us at your earliest convenience so that we can advise you on which tax-saving moves to make:

Year-End Tax Planning Moves for Individuals

...Higher-income earners must be wary of the 3.8% surtax on certain unearned income. The surtax is 3.8% of the lesser of: (1) net investment income (NII), or (2) the excess of modified adjusted gross income (MAGI) over a threshold amount ($250,000 for joint filers or surviving spouses, $125,000 for a married individual filing a separate return, and $200,000 in any other case). As year-end nears, a taxpayer's approach to minimizing or eliminating the 3.8% surtax will depend on his estimated MAGI and NII for the year. Some taxpayers should consider ways to minimize (e.g., through deferral) additional NII for the balance of the year, others should try to see if they can reduce MAGI other than NII, and other individuals will need to consider ways to minimize both NII and other types of MAGI.

...The 0.9% additional Medicare tax also may require higher-income earners to take year-end actions. It applies to individuals for whom the sum of their wages received with respect to employment and their self-employment income is in excess of an unindexed threshold amount ($250,000 for joint filers, $125,000 for married couples filing separately, and $200,000 in any other case). Employers must withhold the additional Medicare tax from wages in excess of $200,000 regardless of filing status or other income. Self-employed persons must take it into account in figuring estimated tax. There could be situations where an employee may need to have more withheld toward the end of the year to cover the tax. For example, if an individual earns $200,000 from one employer during the first half of the year and a like amount from another employer during the balance of the year, he would owe the additional Medicare tax, but there would be no withholding by either employer for the additional Medicare tax since wages from each employer don't exceed $200,000.

...Realize losses on stock while substantially preserving your investment position. There are several ways this can be done. For example, you can sell the original holding, then buy back the same securities at least 31 days later. It may be advisable for us to meet to discuss year-end trades you should consider making.

Gittelman & Company, P.C. Encourages Year-End Tax Planning (continued)

...Postpone income until 2018 and accelerate deductions into 2017 to lower your 2017 tax bill. This strategy may be especially valuable if Congress succeeds in lowering tax rates next year in exchange for slimmed-down deductions. Regardless of what happens in Congress, this strategy could enable you to claim larger deductions, credits, and other tax breaks for 2017 that are phased out over varying levels of adjusted gross income (AGI). These include child tax credits, higher education tax credits, and deductions for student loan interest. Postponing income also is desirable for those taxpayers who anticipate being in a lower tax bracket next year due to changed financial circumstances. Note, however, that in some cases, it may pay to actually accelerate income into 2017. For example, this may be the case where a person will have a more favorable filing status this year than next (e.g., head of household versus individual filing status).

...If you believe a Roth IRA is better than a traditional IRA, consider converting traditional-IRA money invested in beaten-down stocks (or mutual funds) into a Roth IRA if eligible to do so. Keep in mind, however, that such a conversion will increase your AGI for 2017.

...If you converted assets in a traditional IRA to a Roth IRA earlier in the year and the assets in the Roth IRA account declined in value, you could wind up paying a higher tax than is necessary if you leave things as is. You can back out of the transaction by recharacterizing the conversion—that is, by transferring the converted amount (plus earnings, or minus losses) from the Roth IRA back to a traditional IRA via a trustee-to-trustee transfer. You can later reconvert to a Roth IRA.

...It may be advantageous to try to arrange with your employer to defer, until early 2018, a bonus that may be coming your way. This could cut as well as defer your tax if Congress reduces tax rates beginning in 2018.

...Consider using a credit card to pay deductible expenses before the end of the year. Doing so will increase your 2017 deductions even if you don't pay your credit card bill until after the end of the year.

...If you expect to owe state and local income taxes when you file your return next year, consider asking your employer to increase withholding of state and local taxes (or pay estimated tax payments of state and local taxes) before year-end to pull the deduction of those taxes into 2017 if you won't be subject to alternative minimum tax (AMT) in 2017. Pulling state and local tax deductions into 2017 would be especially beneficial if Congress eliminates such deductions beginning next year.

...Take an eligible rollover distribution from a qualified retirement plan before the end of 2017 if you are facing a penalty for underpayment of estimated tax and having your employer increase your withholding is unavailable or won't sufficiently address the problem. Income tax will be withheld from the distribution and will be applied toward the taxes owed for 2017. You can then timely roll over the gross amount of the distribution, i.e., the net amount you received plus the amount of withheld tax, to a traditional IRA. No part of the distribution will be includible in income for 2017, but the withheld tax will be applied pro rata over the full 2017 tax year to reduce previous underpayments of estimated tax.

...Estimate the effect of any year-end planning moves on the AMT for 2017, keeping in mind that many tax breaks allowed for purposes of calculating regular taxes are disallowed for AMT purposes. These include the deduction for state property taxes on your residence, state income taxes, miscellaneous itemized deductions, and personal exemption deductions. If you are subject to the AMT for 2017, or suspect you might be, these types of deductions should not be accelerated.

Gittelman & Company, P.C. Encourages Year-End Tax Planning (continued)

...You may be able to save taxes by applying a bunching strategy to pull "miscellaneous" itemized deductions, medical expenses and other itemized deductions into this year. This strategy would be especially beneficial if Congress eliminates such deductions beginning in 2018.

...You may want to pay contested taxes to be able to deduct them this year while continuing to contest them next year.

...You may want to settle an insurance or damage claim in order to maximize your casualty loss deduction this year.

...Take required minimum distributions (RMDs) from your IRA or 401(k) plan (or other employer-sponsored retirement plan). RMDs from IRAs must begin by April 1 of the year following the year you reach age 70-½. That start date also applies to company plans, but non-5% company owners who continue working may defer RMDs until April 1 following the year they retire. Failure to take a required withdrawal can result in a penalty of 50% of the amount of the RMD not withdrawn. Although RMDs must begin no later than April 1 following the year in which the IRA owner attains age 70-½, the first distribution calendar year is the year in which the IRA owner attains age 70-½. Thus, if you turn age 70-½ in 2017, you can delay the first required distribution to 2018, but if you do, you will have to take a double distribution in 2018—the amount required for 2017 plus the amount required for 2018. Think twice before delaying 2017 distributions to 2018, as bunching income into 2018 might push you into a higher tax bracket or have a detrimental impact on various income tax deductions that are reduced at higher income levels. However, it could be beneficial to take both distributions in 2018 if you will be in a substantially lower bracket that year.

...Increase the amount you set aside for next year in your employer's health flexible spending account (FSA) if you set aside too little for this year.

...If you become eligible in December of 2017 to make health savings account (HSA) contributions, you can make a full year's worth of deductible HSA contributions for 2017.

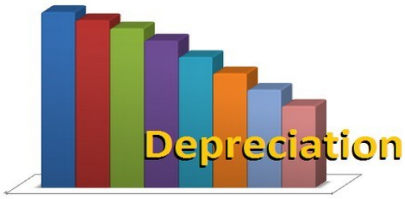
...Make gifts sheltered by the annual gift tax exclusion before the end of the year and thereby save gift and estate taxes. The exclusion applies to gifts of up to $14,000 made in 2017 to each of an unlimited number of individuals. You can't carry over unused exclusions from one year to the next. Such transfers may save family income taxes where income-earning property is given to family members in lower income tax brackets who are not subject to the kiddie tax.

...If you were affected by Hurricane Harvey, Irma, or Maria, keep in mind that you may be entitled to special tax relief under recently passed legislation, such as relaxed casualty loss rules and eased access to your retirement funds. In addition qualifying charitable contributions related to relief efforts in the Hurricane Harvey, Irma, or Maria disaster areas aren't subject to the usual charitable deduction limitations.

Gittelman & Company, P.C. Encourages Year-End Tax Planning (continued)

Year-End Tax-Planning Moves for Businesses & Business Owners

Businesses should consider making expenditures that qualify for the business property expensing option. For tax years beginning in 2017, the expensing limit is $510,000 and the investment ceiling limit is $2,030,000. Expensing is generally available for most depreciable property (other than buildings), off-the-shelf computer software, air conditioning and heating units, and qualified real property—qualified leasehold improvement property, qualified restaurant property, and qualified retail improvement property. The generous dollar ceilings that apply this year mean that many small and medium sized businesses that make timely purchases will be able to currently deduct most if not all their outlays for machinery and equipment. What's more, the expensing deduction is not prorated for the time that the asset is in service during the year. The fact that the expensing deduction may be claimed in full (if you are otherwise eligible to take it) regardless of how long the property is held during the year can be a potent tool for year-end tax planning. Thus, property acquired and placed in service in the last days of 2017, rather than at the beginning of 2018, can result in a full expensing deduction for 2017.



Businesses also should consider making buying property that qualifies for the 50% bonus first year depreciation if bought and placed in service this year (the bonus percentage declines to 40% next year). The bonus depreciation deduction is permitted without any proration based on the length of time that an asset is in service during the tax year. As a result, the 50% first-year bonus write-off is available even if qualifying assets are in service for only a few days in 2017.

...Businesses may be able to take advantage of the "de minimis safe harbor election" (also known as the book-tax conformity election) to expense the costs of lower-cost assets and materials and supplies, assuming the costs don't have to be capitalized under the Code Sec. 263A uniform capitalization (UNICAP) rules. To qualify for the election, the cost of a unit of property can't exceed $5,000 if the taxpayer has an applicable financial statement (AFS; e.g., a certified audited financial statement along with an independent CPA's report). If there's no AFS, the cost of a unit of property can't exceed $2,500. Where the UNICAP rules aren't an issue, consider purchasing such qualifying items before the end of 2017.

...Businesses contemplating large equipment purchases also should keep a close eye on the tax reform plan being considered by Congress. The current version contemplates immediate expensing—with no set dollar limit—of all depreciable asset (other than building) investments made after Sept. 27, 2017, for a period of at least five years. This would be a major incentive for some businesses to make large purchases of equipment in late 2017.

...If your business was affected by Hurricane Harvey, Irma, or Maria, it may be entitled to an employee retention credit for eligible employees.

...A corporation should consider deferring income until 2018 if it will be in a higher bracket this year than next. This could certainly be the case if Congress succeeds in dramatically reducing the corporate tax rate, beginning next year.

...A corporation should consider deferring income until next year if doing so will preserve the corporation's qualification for the small corporation AMT exemption for 2017. Note that there is never a reason to accelerate income for purposes of the small corporation AMT exemption because if a corporation doesn't qualify for the exemption for any given tax year, it will not qualify for the exemption for any later tax year.

Gittelman & Company, P.C. Encourages Year-End Tax Planning (continued)

Year-End Tax-Planning Moves for Businesses & Business Owners

...A corporation (other than a "large" corporation) that anticipates a small net operating loss (NOL) for 2017 (and substantial net income in 2018) may find it worthwhile to accelerate just enough of its 2018 income (or to defer just enough of its 2017 deductions) to create a small amount of net income for 2017. This will permit the corporation to base its 2018 estimated tax installments on the relatively small amount of income shown on its 2017 return, rather than having to pay estimated taxes based on 100% of its much larger 2018 taxable income.

...If your business qualifies for the domestic production activities deduction (DPAD) for its 2017 tax year, consider whether the 50%-of-W-2 wages limitation on that deduction applies. If it does, consider ways to increase 2017 W-2 income, e.g., by bonuses to owner-shareholders whose compensation is allocable to domestic production gross receipts. Note that the limitation applies to amounts paid with respect to employment in calendar year 2017, even if the business has a fiscal year. Keep in mind that the DPAD wouldn't be available next year under the tax reform plan currently before Congress.

...To reduce 2017 taxable income, consider deferring a debt-cancellation event until 2018.

...To reduce 2017 taxable income, consider disposing of a passive activity in 2017 if doing so will allow you to deduct suspended passive activity losses.

These are just some of the year-end steps that can be taken to save taxes. Again, by contacting us, we can tailor a particular plan that will work best for you.

2017 YEAR-END PLANNING GUIDE

Now is the time to work with Gittelman & Company, P.C. and your financial team to see if there are ways to reduce your overall tax burden for 2017 and beyond.

As we approach the end of 2017 we face substantial uncertainty in the world, not the least of which is the future of U.S. tax policy affecting individuals and corporations. However, this is not the time to give in to inertia. Many planning opportunities still exist for the well-advised. Now is the time to work with your financial team to see if there are ways to reduce your overall tax burden for 2017 and beyond. The first step is to define your goals and objectives. What is important to you? Take the time as this year ends to start or to reinvigorate your plan.

Year-end tax planning includes a review of gains and losses and the active management of your portfolio to help minimize income tax consequences of this year's market activity. It is also a good time to position your holdings for next year and, where appropriate, realize gains, harvest losses and make family and philanthropic gifts. You may wish to consider transferring interests in family-owned businesses using valuation discounts or take advantage of techniques that work particularly well in a low interest rate environment. Taking some of these steps now can add value to your portfolio and increase your family's wealth. Use your year-end planning meeting to set the stage for 2018 and plot a course that will help you meet the goals and objectives you desire in the years to come.

Legislation watch. At the time of publication, tax reform remains a high priority for President Trump and Republicans in the Senate and House of Representatives. Closed-door meetings on the topic have been underway for months, and Republicans released their "framework" to kick off the push to tax reform on September 27. The House Ways and Means Committee and Senate Finance Committee will now take the framework and fill in the details, which we currently expect around the end of October. The goal for Republicans is to have a bill enacted by the end of the year, and while that is still possible, it could also occur in the first quarter of 2018..

In the meantime, details on the plan remain vague. The main message from Republicans to the American people is that tax reform will spur economic growth. Lower rates for corporations and individuals, a simpler tax code with fewer brackets, and the elimination of the estate tax and alternative minimum tax are ideas that continue to be discussed.

The last major tax overhaul took place more than 30 years ago after much study, extensive hearings and bipartisan effort. Many believe that the political environment in 2017 is not conducive to the passage of comprehensive tax reform and that if a tax bill is passed, we will more likely see tax reductions rather than major tax reform. Will the Republicans be able to overcome the Senate filibuster rules, which require 60 votes to end debate and vote on a bill? Another significant impediment facing Congress today in simply cutting rates is whether members of Congress can agree to a fiscal 2018 budget.

2017 YEAR-END PLANNING GUIDE (continued)

The fiscal 2018 budget is a non-binding resolution that signals the majority party's fiscal agenda and sets guidelines on revenue and spending.

- The key significance of the budget resolution is that it will enable a process called *reconciliation* through which tax reform legislation could be passed with only a simple majority in the Senate instead of the 60 votes usually needed. Without reconciliation, a tax bill would very likely not move forward this year or next year.

Tax reform

- There are two paths forward for a tax bill. *Revenue-neutral tax reform would lead to a permanent tax reform*. A tax cut bill that increases the deficit would largely be temporary in duration.
- Congressional leaders and administration officials are working on ways to pay for individual and corporate tax cuts.
- The UBS Chief Investment Office Americas, Wealth Management (CIO) estimates that it is more likely than not that tax relief will go through. Comprehensive tax reform could boost S&P 500 earnings per share by 8% – 9%.

Repatriated corporate earnings

- Corporate earnings held overseas may near U.S. $3 trillion.
- Under the framework, repatriated earnings would be taxed at a special rate, likely less than 10%.
- Companies may be given a window of several years to pay off the liability.
- According to the CIO, a repatriation tax holiday could boost S&P 500 EPS a further 3% – 4%.
- The CIO expects broad bipartisan support on the concept of earnings repatriation.

Other tax reform proposals under consideration Individual tax rates. Individual tax rates could be reduced temporarily. The framework says the aim is to create three tax brackets: 12%, 25% and 35%. However, it may actually produce five tax brackets. If the standard deduction is doubled, as the framework calls for, many Americans could be in the "zero bracket." In addition, the framework states that an "additional top rate may apply to the highest-income taxpayers to ensure that the reformed tax code is at least as progressive as the existing tax code and does not shift the tax burden from high-income to lower- and middle-income taxpayers." Repeal of the alternative minimum tax (AMT) is also on the table. An increase in tax rates seems to have been rejected, but many higher income taxpayers may see a net tax increase due to repeal or reduction of certain itemized deductions.

Net Investment Income Tax (NIIT). It seems less likely that the Net Investment Income Tax and the Medicare surtax of 3.8%, which would have been eliminated with the Affordable Care Act repeal, will be repealed. Without comprehensive healthcare legislation, it appears that the revenue cost may be too high and, since primarily wealthier individuals pay these taxes, the political cost may be too high as well.

2017 YEAR-END PLANNING GUIDE (continued)

Individual itemized deductions. Notably, the framework proposes to retain the itemized deduction for home mortgage interest and charitable gifts. Other itemized deductions could be repealed or reduced. President Trump's proposal for a $200,000 (married)/$100,000 (single) overall cap on itemized deductions appears to be off the table. The deduction for state and local taxes or "SALT" still seems to be at risk despite political pressures from high tax states. While itemized deductions could be reduced or in some cases eliminated, the standard deduction may be increased or even doubled. There could also be expanded support for child care expenses.

Pre-tax contributions to 401(k)-style plans. Under current law, workers can put up to $18,000 a year in a 401(k) retirement account, and another $6,000 if they are age 50 or older. Those savings are made pre-tax, so they instantly drop a retirement saver's income, and thus, tax bill. Money in a 401(k) is taxed only when it is withdrawn from the account, possibly decades later. Congress is exploring changes to the rules that would push workers to make more of their contributions to post-tax accounts, also known as Roth 401(k)'s, from which money isn't taxed when it's withdrawn. This would raise more money for the government in the short term to help pay for tax cuts, even if it reduces fiscal revenue in the long run.

Investment income. A reduction in rates applicable to long-term capital gains seems unlikely, so the top rate on capital gains will probably remain at 20%. There appears to be growing support to eliminate the so-called "carried interest exception," which allows hedge fund and private equity principals to recognize a portion of their income as capital gain.

Estate and GST tax. The framework calls for the elimination of estate and generation-skipping taxes. There is no mention of gift tax repeal in the framework. Many believe that if the estate tax is repealed, it would likely be accompanied by disallowance of stepped-up basis for at least some estates that have more than a threshold amount of built-in capital gain.

International taxation. The possibility of a so-called Border Adjusted Tax appears to have been eliminated. Instead, lawmakers are discussing a hybrid approach that would combine permanent changes to prevent foreign profit shifting by corporations with lower tax rates for a number of years.

Business income. There is still talk of business integration, i.e., having one tax rate for business income, regardless of whether the business is conducted in a taxable or a "flow-through" entity (partnership, LLC or S Corporation) or by a sole proprietor. The framework calls for a rate of 25% on these pass-through entities. One detail that is not yet clear is how to distinguish the business income of these entities from the personal services income of their owners in order to avoid creating an inadvertent tax shelter. The framework states that "the committees will adopt measures to prevent the characterization of personal income into business income to prevent wealthy individuals from avoiding the top personal tax rate." This is a very complex issue. The simple way to think about it at this point is that the likely outcome will be that professional services like law firms, architects, etc. will not be able to avoid paying taxes at this individual tax rate and just get the lower pass-through rate of 25%. The details here will be very important.

Corporate tax rates. It is possible that the business tax rate will be "permanent" at the rate at which it is set, or as permanent as tax rates are, to allow business owners to plan long term. The framework calls for rates no higher than 20% and "aims" to eliminate the corporate AMT. Using the word "aims" here suggests that this could be jettisoned as the tax bill moves through the legislative process. The framework also states that the "committees also may consider methods to reduce the double taxation of corporate earnings." This proposal comes from the Chairman of the Senate Finance Committee, Orrin Hatch (R-UT), and may be a back-up plan if Congress is unable to drop the corporate tax rate all the way to 20%.

2017 YEAR-END PLANNING GUIDE (continued)

Capital expensing and business interest expense deduction. The framework allows five years of full expensing (starting today) and states that the deduction for net interest expenses "will be partially limited." Limiting the business interest expense deduction could be a big revenue raiser. However, a more traditional approach is possible, not unlike the existing bonus depreciation provisions for tangible property. Many small businesses (among them family farms) may not have equal access to the equity and debt markets and expect this proposal to contain certain exceptions if it moves forward.

Repatriation. The framework calls for repatriation of corporate profits to the U.S., but continues a split rate for illiquid and liquid assets, with illiquid assets getting a lower rate. No specific rates are given in the framework, but the rate is not expected to be more than 10%. Companies will be allowed several years to pay the tax bill and do not actually have to bring the assets back to the U.S. Rather, they will just be responsible for paying the tax bill.

Accounting methods. Repealing the cash method of accounting for all large- and medium-sized service businesses is one potential source of revenue to offset the cuts. This has been part of a tax reform proposal in 2014 that never got out of committee, but still underpins the thinking of some members of Congress.

Tax proposals and the legislative process are dynamic and can catch even the most diligent observers off guard.

	2017	2018
Maximum income tax	39.6%	39.6%
Maximum capital gains rate	20%	20%
Maximum qualified dividends rate	20%	20%
Net investment income tax [1]	3.8%	3.8%
Medicare payroll tax rate on employees [1]	2.35%	2.35%
Estate tax exemption	$5.49 million	$5.6 million [2]
Maximum estate tax rate	40%	40%
Gift tax exemption	$5.49 million	$5.6 million [2]
Maximum gift tax rate	40%	40%
Generation-skipping transfer (GST) tax exemption	$5.49 million	$5.6 million [2]
Maximum GST rate	40%	40%
Annual gift tax exclusion	$14,000 per donee	$15,000 per donee [2]
Annual exclusion gift to non-citizen spouse	$149,000	$152,000 [2]

1 Applies to taxpayers with income over certain threshold amounts.

2 Projected inflation-indexed amounts.

2017 YEAR-END PLANNING GUIDE (continued)

Tax planning strategies. Tax planning is as important as ever, despite the uncertain future of tax reform. It still may make sense to defer taxes by accelerating deductions and deferring income. If a rate cut is eventually enacted, you'll have used deductions in a higher rate environment and will recognize income in a lower rate environment. In addition, the ability to take certain deductions may be curtailed in the future, so it may make sense to accelerate deductions in 2017. While it is possible that tax reform could be made retroactive to the beginning of 2017, it is probably unlikely.

Net gains and losses. Examine your 2017 short-term gains and losses and long-term gains and losses and determine your capital gains and loss carry forwards to ensure that you are aligning them to the greatest extent possible. You may be able to use up to $3,000 of net capital losses to offset ordinary income for 2017.

Harvest tax losses. Traditionally, investors consider making end-of-year sales of assets held in taxable (i.e., nonretirement) accounts that have losses. Capital losses first offset capital gains, and if capital losses exceed capital gains, they can offset up to $3,000 of other income. Note that if you sell securities in order to recognize a loss, you cannot immediately repurchase the same security to reestablish your market position and still deduct the loss (see discussion below on the "wash sale" rule).

Mutual fund capital gain distribution estimates. Mutual funds are required to distribute 98.2% of their net capital gains each year in order to avoid an excise tax. Mutual funds generally post their distribution estimates beginning in October. Once you have reviewed this information with your advisors, you may wish to estimate the potential tax liability related to your mutual fund holdings and consider offsetting a capital gain with losses or selling the shares in advance of a distribution. In addition, you may wish to consider waiting to purchase the shares of a mutual fund until after the fund distributes a substantial capital gain.

Roth IRA conversion. Discuss with us and your financial Advisor whether it makes sense to convert a traditional IRA to a Roth IRA. When you convert to a Roth IRA, the converted amount of your traditional IRA will generally be taxed as ordinary income in the year of conversion so if tax reform results in lower income tax rates in 2018 than in 2017, it may make sense to convert next year rather than this year. But this is not easy to predict, and each individual's situation is unique. A Roth IRA can offer significant benefits, most notably tax-free growth of assets, tax-free distributions and no required minimum distributions (RMDs) during the original account holder's lifetime.

If you convert to a Roth IRA in 2017, you can re-characterize it back to a traditional IRA until October 15, 2018. This gives you time to monitor market conditions, undo the Roth conversion if the account value decreases significantly from the time of conversion and avoid income tax liability imposed on the higher account value as of the conversion date. This flexibility can be enhanced by allocating the Roth IRA assets into separate accounts that are invested in non-correlated asset classes. You can then decide whether to re-characterize one or more of the separate accounts based on the performance of their particular investments rather than on the performance of a single diversified Roth IRA.

Provision for IRA distributions donated to charity. A qualified charitable distribution ("QCD") from a traditional IRA, a Roth IRA or an inherited IRA is any otherwise taxable distribution that is made directly from the IRA trustee to a qualified charity (generally, public charities but not private foundations or donor-advised funds) after the IRA owner or a beneficiary maintaining an inherited IRA has attained age 70½. Taxpayers who are age 70½ or older can exclude up to $100,000 of IRA distributions from gross income if the distributions qualify as QCDs. This provision was made permanent with the passage of the PATH Act of 2015.

2017 YEAR-END PLANNING GUIDE (continued)

Assess Alternative Minimum Tax (AMT) liability. Work with us to determine if you may be impacted by AMT in 2017. Those who are subject to tax in states that have high income taxes or high property taxes are more likely to be affected. If you are subject to AMT, your marginal federal income tax rate is 26% or 28% compared with a top marginal bracket rate of 39.6% for regular tax. If you expect to be subject to AMT in 2017 but not 2018 (which is possible if the AMT is repealed), consider accelerating ordinary and short-term capital gain income in order to take advantage of the lower AMT tax rate.

Conversely, if you are not subject to AMT in 2017 but expect to be in 2018, you may wish to consider reversing the acceleration of income and deferral of deductions previously mentioned. In short, shifting income and expenses between tax years can result in tax savings, but it is crucial to work with your tax advisor to review a "before and after" tax projection prior to implementing a strategy. This analysis has been made more complex in 2017 because of the potential for repeal of the AMT.

Year-end distributions from non-grantor trusts. Trustees of irrevocable trusts that are treated as separate taxpayers may consider making income distributions to trust beneficiaries who are taxed at lower rates than the trust. This can be particularly beneficial in light of the compressed income tax brackets applicable to trusts and the lower threshold at which the 3.8% net investment income tax applies to trusts. Depending on the terms of the trust agreement and applicable state law, it may also be beneficial to distribute capital gains to beneficiaries in lower income tax brackets. Note that trustees may be able to take advantage of the "65-day rule," which permits a trustee to treat distributions made during the first 65 days of 2018 as though made on the last day of 2017. Trustees must consider the tax status, goals and objectives of the trust and beneficiaries before making any tax motivated distributions to beneficiaries.

Bonus depreciation. The tax break allowing taxpayers to deduct an amount of the depreciable basis of certain tangible property over and above regular depreciation was extended with the passage of the PATH Act of 2015. This "bonus" allowance permits businesses to write off their costs more quickly— the benefit is 50% bonus depreciation for qualified property placed in service in 2015, 2016 and 2017, 40% in 2018 and 30% in 2019.

ABLE Accounts. Congress passed legislation in 2014 to establish the framework for ABLE accounts (i.e., 529A plans). These accounts are intended for certain individuals who were diagnosed with significant disabilities prior to attaining age 26. ABLE accounts grow tax-deferred and allow for tax-free distributions for qualified expenses without the individual having to forfeit certain public benefits. Eligible beneficiaries may be able to choose among several states' plans, allowing for more control over investment options and expenses (the individual states' legislatures are in various stages of enacting or developing laws to establish ABLE Act programs).

2017 state tax law changes. Contact the professionals at Gittelman & Company, attorneys and other advisors to review tax law changes in states where you are subject to tax. It is important to determine how these changes may affect your individual, fiduciary and corporate income tax situation for 2017 and beyond. The following are examples of recent state law changes:

- The state income taxation of trusts continues to evolve. The relevant factors that classify a trust as a resident trust vary from state to state. In most states a combination of factors is typically required. The states that rely solely on the grantor's residence at the time the trust was created continue to invite challenges to this method under the Due Process and Commerce clauses of the U.S. Constitution. Thus far, lower courts have reached differing conclusions and the U.S. Supreme Court has yet to directly address the issue. Minnesota is in one of a group of states that arguably have far reaching taxing statutes vis-à-vis trust income—it taxes an irrevocable trust created by a Minnesota resident as a "resident trust" forever and thereafter no other connection with the state is required or even relevant. In a case decided May 31, 2017 that the Minnesota Supreme Court has agreed to hear on appeal, *Fielding v. Commissioner of Revenue*, the Minnesota Tax Court continued and may have even expanded a trend by siding with trust taxpayers in finding the state's statute to be unconstitutionally broad and violative of both state and federal due process.

2017 YEAR-END PLANNING GUIDE (continued)

- A number of states changed their estate tax systems in 2017. In Delaware, the Governor signed HB 16, which sunsets the Delaware Estate Tax on December 31, 2017.

- The Minnesota estate tax exemption was increased from $1,800,000 to $2,100,000 retroactively for 2017, and increased the exemption to $2,400,000 in 2018, $2,700,000 in 2019 and $3,000,000 for 2020 and thereafter.

- The New Jersey estate tax exemption was increased from $675,000 to $2 million as of January 1, 2017. The estate tax is slated to be repealed altogether as to estates of decedents who die after January 1, 2018. Note that New Jersey imposes a separate inheritance tax, which will continue in its current form and be charged against the value of certain transfers made at death.

Gittelman & Company will be able to discuss the impact of relevant changes on your personal circumstances.

Investment planning

Concentrated stock positions. With capital gain tax rates and the 3.8% net investment income tax, the tax cost of diversifying out of a particular appreciated position has increased. Investors who have concentrated positions may also be concerned about liquidity, cash flow, volatility and more. Your Financial Advisor can help you consider strategies to reduce the tax impact of diversification or hedge against the downside of continued concentration. Consider whether systematic sales, equity collars, exchange funds, prepaid variable forwards, gifts to charity or charitable remainder trusts (discussed further in the charitable planning section) make sense in your situation and whether it would be helpful to implement any of these strategies before year end.

Wash sale rule. In general, the "wash sale" rule prohibits you from recognizing the loss on a sale of securities if you purchase substantially identical securities within the period beginning 30 days before the sale date and ending 30 days after the sale date. If you don't want to wait 31 days to buy the same stock or security, you may consider replacing the investment you sold at a loss with an exchange traded fund (ETF) tied to the company's industry or sector. Your ownership of the ETF can serve as a temporary approximate proxy for an individual stock holding while enabling you to recognize the loss on your original position. You can also replace actively managed mutual fund shares sold at a loss with an ETF, but if you plan to substitute one ETF for another, ensure that the funds track different indices avoid triggering the wash sale rule.

Dates to note

November 28: Since the last trading day of the year is December 29, November 28 is the last day to "double up" for 2017. Doubling-up on a security means that you buy a second lot of a security in the same amount of shares as your original holding. You can recognize a loss in 2017 by selling the original holding on December 29 and still benefit from any potential appreciation during the wash sale period. Note: Undertaking this strategy will result in holding twice the level of stock during the "doubling up" period. During this time, you would be exposed to twice as much gain or loss in the stock.

December 29: Last day to sell a security in 2017 for a loss.

January 29: If you sold a security for a loss on December 29 without previously "doubling up," you must wait until at least January 29, 2018 to repurchase the same or substantially similar security in order to avoid the wash sale rule.

2017 YEAR-END PLANNING GUIDE (continued)

Securities-backed lending. Fourth quarter estimated tax payments are due on January 16, 2018, so this is a good time to revisit your credit line needs. Interest rates remain at historically low levels. Taxpayers with short-term cash requirements frequently borrow in order to satisfy their need for cash. Establishing a credit line before it's needed allows for immediate reaction to time-sensitive opportunities, as well as planned (e.g., taxes) and unplanned liabilities. Moreover, borrowing against eligible securities in a portfolio provides access to needed funds while still allowing you to pursue your long-term financial strategy.

Portfolio review. The end of the year is an excellent time to reevaluate the goals of your portfolio, risk levels and liquidity needs that will influence the next two, five or 10+ years of your financial life. Market volatility over the past several years may give you pause and it is important for you to discuss your concerns with your Financial Advisor. Reassessing your portfolio may provide you with a sense of comfort and help you identify appropriate tax planning techniques.

Estate planning

Using the gift tax exemption to make substantial lifetime gifts. The federal estate and gift tax exemption is $5,490,000 per taxpayer in 2017 and is projected to increase to $5,600,000 in 2018. This exemption is indexed for inflation and may be used during your lifetime and/or at death to make gifts and reduce or eliminate estate taxes. You may consider utilizing a substantial portion (or even all) of your gift tax exemption by making gifts to your family members or others. Such gifts could remove the value of the gifted assets, plus any future appreciation on those assets, from your estate. Also, gifts made in the past may not be subject to estate tax upon your death if the exemption decreases in the future. Remember to inform us of all gifts you made in 2017 so we can prepare a gift tax return if one is required.

Annual exclusion gifts. Consider making annual exclusion gifts on or before December 31 each year. The annual exclusion is $14,000 ($28,000 for a married couple) in 2017; you can make annual gifts up to this amount to an unlimited number of individuals, free from gift tax and without using any of your estate and gift tax exemption. If you make such gifts to an irrevocable trust (e.g., a life insurance trust) that provides beneficiaries with limited withdrawal rights (often referred to as "Crummey rights"), the trustee should notify beneficiaries of their rights and keep appropriate documentation. Your legal advisors can help you with this process.

Fund education through 529 plans. Consider funding 529 plans by December 31 to apply 2017 annual gift tax exclusion treatment to the contributions. You can "front-load" 529 plans by making five years' worth of annual exclusion gifts to a 529 plan (i.e., in 2017, you could transfer $70,000 – $140,000 for a married couple—to a 529 plan without generating gift tax or using any of your estate and gift tax exemption). You should be sure to coordinate 529 plan contributions with your other gifting.

Establishing and funding IRAs for the next generation. Help your child or grandchild get an early start on saving for retirement. Consider making a gift of up to $5,500 to either a traditional or Roth IRA for your children or grandchildren who are not funding their own IRAs but have enough earned income to do so. Contributions to IRAs for your family members are taxable gifts and should be coordinated with other gifts you make. While IRA contributions for the 2017 tax year may be made until April 17, 2018 (since April 15, 2018 is a Sunday and April 16, 2018 is a legal holiday in the District of Columbia), the gift must be completed by December 31, 2017 if you want to use your 2017 annual gift exclusion.

2017 YEAR-END PLANNING GUIDE (continued)

Valuation discount planning survives another day. The IRS issued proposed regulations in August of 2016 that, if enacted, would have mostly eliminated the ability to take advantage of valuation discounts on family controlled entities such as corporations, partnerships and limited liability companies for gift and estate tax purposes. As a result of an executive order issued by President Trump to reduce tax regulatory burdens, Treasury Secretary Steven T. Mnuchin issued a report on October 2, 2017 titled "Identifying and Reducing Tax Regulatory Burdens" which announced the Treasury Department's plan to officially withdraw "entirely" the proposed 2704 regulations. In siding with the views of many commentators, the report describes the proposed regulations as "web of dense rules and definitions" and their approach to artificial valuation discounts as "unworkable." For now at least, the threat of having to interpret and apply these proposed regulations has passed.

New threat to family partnerships. In May 2017 the U.S. Tax Court issued *Estate of Powell v. Commissioner*, which ruled that if a taxpayer is entitled to vote on whether or not to dissolve a partnership (and this frequently occurs if a taxpayer maintains some portion of ownership within the partnership), all partnership assets may be subject to estate tax on the taxpayer's death. If you own an interest in a family limited partnership, you should discuss with your attorney whether your situation warrants further review and changes to strategy and governance in order to avoid this possibility.

Repatriation of offshore deferred compensation by end of 2017. Hedge fund managers (and other taxpayers) could be facing significant tax bills in 2018. This potential tax liability does not arise from trading gains or some new tax law, but rather has its roots in a nearly decade-old tax change. As part of the Emergency Economic Stabilization Act of 2008, Congress added a new section (457A) to the Internal Revenue Code on October 3, 2008. This section restricts the use of deferred compensation sponsored by a non-U.S. entity. It also requires deferred compensation arrangements already in place (so-called grandfathered deferrals) to end by December 31, 2017, unless those deferrals are otherwise still subject to a substantial risk of forfeiture. While this tax law does not target hedge fund managers specifically, they are likely caught in its crosshairs because U.S.-based hedge funds often compensated their managers with offshore deferred compensation before section 457A was enacted. If you may be affected by this tax, you may want to explore whether you could benefit from a change of domicile, or whether you could offset your taxable income with losses or other deductions, particularly charitable deductions, such as outright gifts to charity, gifts to donor advised funds and charitable lead annuity trusts.

Portability election for certain estates. Portability is potentially helpful for the surviving spouse of any individual dying after December 31, 2010. Yet, since the enactment of portability, there have been many missed elections for a variety of reasons. Revenue Procedure 2017-34, issued on June 26, 2017 (Internal Revenue Bulletin 2017-26), provides a means for "past" missed portability elections to be corrected and for "future" missed portability elections to be fixed. The new approach applies to estates below the federal estate tax filing threshold. For these estates that missed making a "past" portability election, the Revenue Procedure provides that the individual's estate may file an estate tax return to make the portability election, as long as the return is filed prior to January 2, 2018. The Revenue Procedure also provides that the IRS will allow the portability election to be made for these estates on an estate tax return filed by the second anniversary of the taxpayer's death. Therefore, the estate representatives have two years following death to make the election, rather than just nine months, which is the ordinary deadline for filing an estate tax return, or 15 months in the time for filing the estate tax return has been properly extended. Going forward, this two-year administrative grace period is permanent.

2017 YEAR-END PLANNING GUIDE (continued)

IRS provides partial fix to pre-Windsor estate and gift tax for transfers to same-sex spouses. Before the landmark Supreme Court decision in *U.S v. Windsor* in 2013, same-sex marriages were not recognized for federal tax purposes and some same-sex couples made taxable gifts, or used their lifetime and GST tax exemptions to transfer assets to their same-sex spouse. On January 17, 2017, Treasury released an advance copy of Notice 2017-15. While taxpayers who paid gift tax and/or GST tax when making a taxable gift to a same-sex spouse still cannot obtain a refund or credit for periods as to which the statute of limitations has closed, IRS will allow the re-computation of remaining unified credit, GST exemption and portability elections to reinstate the available credits. The Notice prescribes the method by which the taxpayer may do that. In addition, actual gift taxes paid will be recognized as gift tax paid or payable for purposes of computing the federal estate tax at death. You may wish to consult your legal counsel if this Notice might impact you.

End-of-year family meeting. Family meetings can help you coordinate financial and other matters and can be valuable learning experiences for children and grandchildren to help them understand the benefits and burdens of wealth. As the end of the year approaches, consider arranging a family meeting to discuss investments, planning, philanthropy and more. Your Financial Advisor can talk to you about best practices for organizing family meetings and engaging in productive discussions with children about money and the stewardship of wealth.

Charitable planning

Take note of limitations on the charitable income tax deduction:

Gifts to public charities. Cash contributions are deductible up to 50% of the taxpayer's adjusted gross income (AGI). The full fair market value of contributions of appreciated property (other than certain tangible personal property contributed) held for over one year is generally deductible up to 30% of AGI.

Gifts to private foundations. Cash contributions are deductible up to 30% of AGI. The full fair market value of publicly traded securities (if owned for over a year) is deductible up to 20% of AGI. The deduction for gifts of other appreciated property (other than for contributions of marketable securities) may be limited to the taxpayer's cost basis.

Charitable income tax deduction. In order to obtain an income tax charitable deduction for 2017, gifts must be made by December 31. In the case of a gift of property that requires an appraisal (generally required for gifts of property with a value in excess of $5,000, other than publicly traded securities), you should start the process as soon as possible. Also bear in mind that it may take several weeks for a transfer of stock via physical stock certificate or stock power to be completed.

It is important to obtain a proper receipt for any gifts in excess of $250 before filing your tax return, even if the donation was made to your own private foundation. Such a receipt must be in writing, state the amount donated, describe any non-cash donations and indicate the value of any goods or services provided by the charity as consideration for the donation. A canceled check does not meet these requirements. Several court cases in recent years have denied taxpayers a charitable deduction for failing to strictly comply with these substantiation requirements.

2017 YEAR-END PLANNING GUIDE (continued)

Selecting assets to give to charity. Giving appreciated property to charity (as opposed to selling the property, recognizing the gain and 3.8% net investment income tax, and contributing the cash proceeds to charity) provides an income tax deduction equal to the fair market value of the property (subject to AGI limitations). The charity can then sell the property and pay no capital gain tax because it is a tax-exempt entity. It is critical that the appreciated property qualify as long-term capital gain property (i.e., the property should be held for more than one year prior to the time it is gifted and meet certain other requirements). Otherwise, the deduction will be limited to the donor's basis in the property. The deduction will also be limited to the donor's basis if real estate or nonmarketable appreciated property (such as shares in a privately held company) is contributed to a private foundation (as opposed to a public charity), even if the property qualifies for long-term capital gain treatment.

Donor-advised funds. Contributing assets to a donor-advised fund can allow you to receive an immediate charitable income tax deduction (at the maximum amount allowed for gifts to public charities), while affording you and your family time to determine the ultimate charitable beneficiaries. If you would like to create a donor-advised fund in 2017, you can establish one at UBS as late as the last business day of the year; however, additional time may be needed if you plan to fund the account with anything other than cash.

Private foundations. Founders and managers of private foundations may wish to discuss the following idea with their tax advisors to help optimize the efficiency of the foundation:

- In order to minimize the 1% - 2% excise tax on net investment income, consider making grants of low-basis stock instead of selling the stock to raise cash for the grants, which could trigger gains.

- Consider offsetting gains with losses. Private foundations cannot carry forward capital losses. A foundation that has significant losses can sell appreciated securities, recognize the gain and buy the securities back in order to establish a higher basis in the assets. The wash sale rule does not apply here because the foundation is recognizing a gain (not triggering a loss).

- Approximately 5% of the value of a foundation's net investment assets for the prior year must be distributed for charitable and administrative purposes each year. Foundation managers should determine liquidity needs to meet the payout requirements.

- Consider granting from your private foundation to a donor-advised fund prior to the end of the year if you run out of time and cannot decide which charities should receive some or all of the 5% grant requirement.

- Gittelman & Company, through its relationship with its referral network, can facilitate the formation of a private foundation. Contact us for more information.

Charitable remainder trust planning. If you hold a low-basis concentrated position and would like to diversify your holding in a tax-efficient manner while also benefitting charity, consider speaking with your attorney and tax advisor about establishing a charitable remainder trust (CRT) and contributing the appreciated securities to it. A CRT is a tax-exempt entity and so the trustee can sell trust assets without paying any capital gains tax. You retain the right to receive a fixed amount from the trust each year—either an annuity or a unitrust payment—of at least 5% but not more than 50% of the trust assets (in any event, the present value of the remainder interest must equal at least 10% of the fair market value of contributed property at the time of contribution). Although the trust is tax-exempt, the payments you receive will be taxable to you upon receipt (allowing you to defer the capital gains tax associated with the sale of the appreciated assets inside the trust). At the end of the trust term (either upon your death or after a term of up to 20 years), the trust assets will pass to one or more charitable organizations that you or your trustee designate. You are also entitled to an income tax charitable deduction when you establish the trust for the present value of the charitable beneficiaries' projected remainder interest.

2017 YEAR-END PLANNING GUIDE (continued)

Charitable donations and the AMT. Taxpayers who are subject to the AMT in certain years but not others should consider whether a charitable deduction would be more valuable this year or next. Charitable deductions are permitted under the AMT regime, but they are generally less valuable at the top AMT tax rate of 28% than at the top regular income tax rate of 39.6%. Therefore, taxpayers who are not consistently subject to the AMT might consider delaying their donations. While tax planning does not generally drive charitable giving, it may be appropriate to consult us to determine the potential tax consequences of making a donation in January 2018 instead of December 2017.

Qualified conservation property. In December 2015, Congress passed legislation to permanently extend enhanced income tax benefits for gifts of conservation easements. A donor can take a charitable income tax deduction for the donation of "qualified conservation property" up to 50% of AGI (100% of AGI for farmers and ranchers), subject to a 15-year carryforward for any excess deductions. Typically, this donation takes the form of an easement that restricts future development, but the easement can permit farming, timber, harvesting or other uses of a rural nature to continue. The restrictions must generally be perpetual.

Retirement planning

Maximize contributions to retirement accounts. You can make 2017 contributions to Roth or traditional IRAs by April 17, 2018. The following chart summarizes the 2017 annual contribution limits to IRAs and retirement plans:

Plan	Under Age 50	Age 50 or older
IRA (traditional or Roth) 1	$5,500	$6,500
401(k), 403(b), 457(b), SAR-SEP 2	$18,000	$24,000 3
SIMPLE 2	$12,500	$15,500

1 The maximum contribution or deductible contribution may be reduced depending on your modified adjusted gross income.

2 Salary deferral contributions.

3 For 457(b) plans, catch-up contributions may be made for governmental 457(b) plans only.

RMDs. Individuals who are age 70½ or older must generally take required minimum distributions from IRAs, profit sharing, 401(k), 403(b), 457(b) plans and other retirement plans by December 31 (there are no required minimum distributions for Roth IRAs prior to the original account holder's death).

– *Exceptions:* The first RMD can be delayed until April 1 of the year following the year in which the taxpayer turns age 70½. Additionally, RMDs for employer-sponsored qualified retirement plans may be delayed if the taxpayer is still employed, is not a 5% owner of the employer maintaining the plan and the plan permits RMDs to begin at the later of age 70½ or retirement.

– *Aggregation:* If you have more than one IRA (of which you are the original account owner), you can take the RMDs for multiple IRAs from one account. The same holds true for 403(b) plans, but not for other types of employer sponsored retirement plans like 401(k) and 457(b) plans. Also, if you inherited an IRA as a beneficiary, you have separate RMD requirements for the inherited IRA and cannot aggregate those distributions with those from your own IRA. For inherited IRAs, the decedent's RMD for the year of death must be distributed to you if he or she did not take it prior to death; RMDs from the inherited IRA will be calculated separately from any RMDs you may have from your own IRAs.

2017 YEAR-END PLANNING GUIDE (continued)

Charitable distributions from IRAs. Congress made permanent the law enabling individuals over age 70½ to exclude up to $100,000 of their required minimum distribution from income if the RMD is made payable directly to a qualified public charity.

Check beneficiary designations. Significant life events such as marriage, divorce and births can impact beneficiary designations. Consider whether any changed circumstances could affect the disposition of your retirement assets. For example: Under federal law, a surviving spouse is the default beneficiary for a qualified retirement plan. Moreover, a spouse's written consent is required if you wish to name someone else as a beneficiary of your ERISAgoverned retirement plan account. Additionally, if you have not designated beneficiaries, then the assets will pass according to the retirement plan default. Review your designations on a regular basis.

After-tax 401(k) contributions. The total of all contributions to a 401(k) cannot exceed $54,000 in 2017, which means that an employee may be able to make up to $36,000 in after-tax contributions before December 31 (in addition to $18,000 in pre-tax contributions). Moreover, the IRS has indicated that an employee may be able to roll over after-tax amounts into a Roth IRA, with the remainder to a traditional IRA. This could result in a significant amount of funds going to the Roth IRA.

Roth conversions. For a Roth conversion (as discussed previously), pre-tax amounts that are converted, earnings on those amounts and the earnings on all contributions are included as part of taxable income in the conversion year. Therefore, consider whether a Roth conversion may make better sense in 2017 or 2018. This decision should be made in consultation with your tax advisor, based on your specific investment history, other tax attributes and more (remember that you generally have until October 15 of the year following the conversion to undo the conversion if circumstances change).

Annual reminders. The end of the year is a great time to review various aspects of your financial and estate plan.

- Request a free credit report. The Fair Credit Reporting Act (FCRA) requires each of the nationwide credit reporting companies to provide you with a free copy of your credit report once every 12 months. This can be done through *annualcreditreport.com* at no charge (be wary of other websites that offer similar "free" reports as they may come with strings attached). While you may request a copy of your credit report from all three reporting companies at the same time, you may also choose to request the report at different times during the year and request a different company's report each time. For instance, you may choose to order your free credit report from Experian in December, then from Equifax in April and then from TransUnion in August so you can keep an eye open for issues year round. For more information, see the Federal Trade Commission website at *consumer.ftc.gov/articles/0155-free-credit-reports.* In light of recent events, you may also consider whether to place a fraud alert on your credit files or request a credit freeze from the three reporting companies. A credit freeze or security freeze restricts third party access to information about your credit, making it more difficult for identity thieves to open new accounts in your name. Note that the reporting companies may charge fees to place and lift a credit freeze.

- Review your 2017 spending and create a 2018 budget. This should include reviewing any large planned asset sales or purchases so that you can plan for where the proceeds will be deployed or how the expenses will be covered. If liquid investment assets need to be sold to cover a purchase, this will give you and your Financial Advisor the opportunity to discuss the timing of these sales and whether to complete the sales before or after the end of the year to address income tax ramifications and/or planning opportunities. Or, if debt is going to be used, you can review loan options and ensure your credit report is accurate (see above).

- Review your outstanding debt (including interest rates and terms) to determine if there is an opportunity to refinance at better terms or whether to consider converting a variable rate loan to a fixed rate loan.

2017 YEAR-END PLANNING GUIDE (continued)

- Update your financial statement/balance sheet. Having a complete listing of your assets and liabilities is becoming more important as we move away from receiving paper statements and instead rely on information provided electronically. There may no longer be a file cabinet full of paper statements that people can reference to determine what you own and what you owe in the event that you are not able to manage your own financial affairs.

- Create or update a list of all of your electronic user names and passwords. Similar to the prior point, it is important for those who step in to manage your affairs to be able to access your online bank and brokerage accounts, credit card accounts, social media accounts, frequent flyer and other loyalty programs, etc., and remember to properly safeguard this important information.

- Review your insurance portfolio with a qualified professional to determine whether or not your current life, long-term care and liability insurance continue to efficiently meet your coverage needs.

- Review your Will and/or revocable living trust to ensure that you remain comfortable with bequests and dispositions, executors, trustees and guardians. Communicate the location and intention of your estate planning documents with the appropriate individuals. Documents should be placed somewhere safe and easily accessible by the individuals you have named to handle your affairs (e.g., executor, trustee and agents under financial or medical powers of attorney).

- Review agents named under financial and medical powers of attorney to ensure they are still appropriate. Review living wills to ensure you are comfortable with the healthcare and end-of-life-related instructions therein. Consult with your attorney periodically about the advisability of executing new documents.

- Revisit your beneficiary designations for your insurance policies, as well as your retirement plans, to ensure the assets will pass according to your wishes. Likewise, evaluate with your attorney the titling of your other assets to ensure they too are distributed according to your goals and objectives (and are coordinated with your estate plan). For example, titling assets as "tenants in common," in the name of a revocable trust, or TOD/POD to a revocable trust rather than as "joint tenants with right of survivorship" can help to ensure assets pass according to the terms of a Will or trust rather than by operation of the titling itself.

New N.J. Law Eliminates the State Tax by 2018. Now What ?

Governor Christie and legislative leaders signed a new law to address the state's bankrupt transportation fund. The new law imposes a gas tax increase of 23 cents per gallon (to fund transportation projects), and allows for tax cuts in other areas, including the estate tax. More specifically, the law increases the state estate tax exemption (the amount which passes free of estate tax) from $675,000 to $2,000,000 in 2017, and eliminates the tax entirely in 2018. So, decedents dying in 2017 pay no state estate tax if their assets are under $2,000,000; and decedents dying in 2018 and beyond pay no state estate tax at all.

"What Now?"

- Review your current estate plan (Wills, Revocable Trusts, etc.) to ensure that it still is consistent with your wishes, both at a time when the exemption is $2,000,000, and when there is no state estate tax at all. The complete elimination of the estate tax may change the allocation of funds among one or more trusts created under your Will, which could affect the amount of assets various beneficiaries of your estate will receive.
- Depending on the results of the pending New Jersey gubernatorial election, the repeal may be reversed.

"Do I Still Need to do Estate and Tax Planning?"

- *YES!* The need for general planning continues, including a Will or in some cases, a Revocable Trust. Without your specific direction under a Will (or Revocable Trust), New Jersey will use its default rules to distribute your assets among your closest relatives. Therefore, it is very important to make your wishes known, and legally binding, in a Will (or Revocable Trust), especially if you intend for minor children's inheritance to be held in trust for them, or if you want to specify guidelines for the distribution of assets to your spouse and/or children following your death.
- The new law does not affect the Federal estate tax exemption. For 2018, the Federal exemption is $5,600,000 (less lifetime taxable gifts). If you anticipate that your estate will exceed this threshold, there are a variety of estate planning techniques to take advantage of, whether now by making lifetime gifts (either outright or in trust), or at death under your Will.
- The new law does not affect New Jersey's inheritance tax. If you intend to benefit people other than a spouse, parents, grandparents or descendants (children, grandchildren, etc.), say by making a bequest to a favorite niece or nephew, then your estate still will be subject to an inheritance tax. Understanding the amount of the potential tax and identifying which funds will be used to pay the tax are still an important aspect of estate planning.
- While estate taxes may be less of a concern to some people now, the cost of long term care coverage still looms large for many of us. Thus, it is important for you to know the rules regarding the preservation of assets so that you can put long term care planning in place to shelter houses, brokerage accounts and other assets.

Of course, we welcome the opportunity to discuss these issues in more detail with you. Please do not hesitate to contact us if you wish to review or revise your existing plan in light of the new law.

New Jersey Enacts Tax Breaks on Retirement Income

Also included in the new law is a tax break for those receiving retirement income. Over four years beginning on January 1, 2017, the current exclusions from income tax on retirement income will increase as shown below:

	Married, Filing Jointly	Single	Married, Filing Separately
2017	$40,000	$30,000	$20,000
2018	$60,000	$50,000	$30,000
2019	$80,000	$65,000	$40,000
2020	$100,000	$75,000	$50,000

New Tax Return Due Dates for 2017

As a result of a tax bill enacted in 2015, here are the 2017 tax return due dates. Please make a note.

Form	New Due Date *	Due Date with Extension
Partnerships—Form 1065	March 15, 2018	September 15, 2018
S Corporations—Form 1120S	March 15, 2018	September 15, 2018
C Corporations—Form 1120	April 15, 2018	October 15, 2018
Trusts—Form 1041	April 15, 2018	September 30, 2018
Fin Cen Report 114 (FBAR)	April 15, 2018	October 15, 2018
Employer W-2 and 1099 Forms	January 31, 2018	None
Exempt Organization Returns—Form 990/EZ	May 15, 2018	November 15, 2018

2017 year-end planning checklist

High income earners

- Monitor AMT Liability
- Review your deductions from a timing perspective
- Analyze mutual fund capital gain distribution estimates
- Assess a Roth IRA conversion
- Consider timing of charitable gifts, particularly if your income in 2017 and/or anticipated income in future years is (or will be) particularly high
- Review liquidity available for estimated tax payments, if required.

Investors

- Net short and long-term gains and losses
- Time loss recognition, remaining aware of the wash sale rule
- Analyze concentrated stock positions to determine if diversification or hedging is desired
- If you plan to make charitable gifts, consider contributing highly appreciated securities instead of cash
- Review portfolio for current risk level and circumstances

Wealth transferors

- Make annual exclusion ($14,000) gifts, and consider various gifting vehicles (e.g. 529 Plan Accounts, IRAs or Roth IRAs for children and grandchildren)
- Fund IRAs for family members

Philanthropists

- Review optimal timing of charitable gifts with respect to year of deductions as well as AMT
- Select optimal assets to give to charity
- Consider utilizing the QCD to grant up to $100,000 of your RMD directly to charity (if you are over age 70 1/2)
- Consider charitable vehicles such as donor-advised funds or private foundations
- Be sure to leave sufficient time for year-end gifts to be implemented properly

Business owners, employees and retirees

- Maximize contributions to retirement plans
- Withdraw RMDs
- Think about making gifts of interest in family entities in advance of finalization of proposed regulations

2017 Individual Income Tax Rate Schedules

If Taxable Income Is:

Over	But Not More Than	The Tax Is	Of The Amount Over
Married Filing Jointly:			
$0	$18,550	$0 + 10%	$0
18,550	75,900	1,865.00 + 15%	18,650
75,900	153,100	10,452.50+25%	75,900
153,100	233,350	29,652.50 + 28%	153,100
233,350	416,700	52,222.50 + 33%	233,350
416,700	470,700	112,728.00 + 35%	416,700
470,700		131,628.00 + 39.6%	470,700
Married Filing Separately:			
$0	$9,325	$0 + 10%	$0
9,325	37,950	932.50 + 15%	9,325
37,950	76,550	5,226.25 + 25%	37,950
76,550	116,675	14,876.25 + 28%	76,550
116,675	208,350	26,111.25 + 33%	116,675
208,350	235,350	56,364.00 + 35%	208,350
235,350		65,814.00 + 39.6%	235,350
Head of Household:			
$0	$13,350	$0 + 10%	$0
13,350	50,800	1,335.00 + 15%	13,350
50,800	131,200	6,952.50 + 25%	50,800
131,200	212,500	27,052.50 + 28%	131,200
212,500	416,700	49,816.50 + 33%	212,500
416,700	444,550	117,202.50 + 35%	416,700
444,550		126,950.00 + 39.6%	444,550
Single:			
$0	$9,325	$0 + 10%	$0
9,325	37,950	932.50 + 15%	9,325
37,950	91,900	5,226.25 + 25%	37,950
91,900	191,650	18,713.75 + 28%	91,900
191,650	416,700	46,643.75 + 33%	191,650
416,700	418,400	120,910.25 + 35%	416,700
418,400		121,505.25 + 39.6%	418,400
Estates and Trusts:			
$0	$2,550	$0 + 15%	$0
2,550	6,000	382,50 + 25%	2,550
6,000	9,150	1,245.00 + 28%	6,000
9,150	12,500	2,127.00 + 33%	9,150
12,500		3,232.50 + 39.6%	12,500

Update on E-Filing

We have successfully completed our twelfth full-year of transition to electronic filing (e-filing) of business and personal tax returns. The program has gone extremely well and all of our clients realize the benefits of e-filing.

"Please review these carefully as it will help alleviate problems during tax season and to make your tax preparation smoother."

Here are some of the problems we are reporting with e-filing. Please review these carefully as it will help alleviate problems during tax season and to make your tax preparation smoother:

1. ***The number one problem is that we cannot e-file your returns until you sign and return e-file authorization declarations that are sent with your returns. The declarations are marked with red signature labels and have a postage paid envelope for mailing back to us. You can also fax or e-mail them to us. We do not need the originals.***

2. Remember that it is **our responsibility** to e-file your returns upon receipt of the authorization and it is **your responsibility** to pay and mail all tax liabilities owed by the required due dates and with the tax payment vouchers provided.

3. Your name and your spouse's name on the tax return must exactly match the name on your social security cards. The same applies for your dependents. Many e-filings are rejected because the names do not match. This is especially the case with married spouses who use their married name but are still registered with the Social Security Administration under their maiden name.

4. In some circumstances (although it is rare) certain returns cannot be e-filed due to complexities with the return. If the return cannot be e-filed, the filing instructions will clearly indicate this.

5. Returns filed after the required due dates including valid extensions may not be e-filed depending on circumstances.

Please take a few minutes to review the above. It will help your returns to be processed problem free.

GITTELMAN & COMPANY, P.C. ENCOURAGES E-ORGANIZER FOR 2017

Gittelman & Company, P.C. Encourages E-Organizer For 2017

For 2017, we are pleased to continue to offer an exciting product to our clients which we introduced in 2002. E-Organizer is a new way of delivering and retrieving tax organizer information to our clients via e-mail. Prior to introducing this product, clients could only download organizers and send them back to us for return preparation. During 2016, more of our clients used E-Organizer and really felt it made their tax preparation easier.

E-Organizer saves considerable time, tax preparation fees, paper, postage and handling costs associated with delivering your 2017 tax data. The great benefit is our ability to retrieve your 2016 tax data and bring it into your 2017 tax files automatically. Keep in mind that our professionals will have the opportunity to review and edit all data before accepting it into the actual 2017 tax files.

Here's How E-Organizer Works

Clients send us an e-mail request (see details on page 34) for an E-Organizer. The E-Organizer uses your e-mail address to send back an e-mail with the E-Organizer application attached. You simply double click the attachments, download the E-Organizer application and enter a password to begin running your E-Organizer. **(Note that E-Organizer files are not compatible with MAC users).**

"E-Organizer is a way of delivering and retrieving tax organizer information to our clients via e-mail. "

The E-Organizer layout is similar to the paper organizer that you may already be familiar with from prior years, so the learning curves should be minimal. New users will also find it easy to use. You then enter your 2017 tax data directly onto the E-Organizer screens. As always, your 2016 prior years data is also available for reference and comparison.

Once you have completed entering your 2017 tax data, you then follow the simple instructions for closing the application and returning the data back to us via e-mail.

Next, the completed E-Organizer is delivered to our e-mail inbox. Your 2017 tax data will then be imported into our 2017 tax data files. Your tax entries are highlighted in red for easy review and editing by our tax professionals. After required modifications are made, the data is accepted into your 2017 tax return files.

The E-Organizer is a great way to eliminate paper and reduces the time you and Gittelman & Company spend on preparing your returns. After your E-Organizer data is received, clients can schedule a telephone conference or a follow up meeting to discuss the returns and to ask relevant questions. Furthermore, you can accompany your E-Organizer with relevant notes and questions as well.

During 2016, about 45% of our clients used E-Organizer and found it to be efficient and easy to use.

As in prior years, clients using E-Organizer or our paper organizer who waive their tax return appointments will receive special fee discounts. See our 2017 Tax Preparation Section for more details.

More About the 2017 Tax Preparation Season

I continue to urge clients that tax preparation appointments are not a mandatory prerequisite to the completion of your returns. Most of our clients have taken our advice and continue to save substantial time and money by foregoing the appointment process, completing a tax data organizer and sending it to us by mail with copies of all back-up documents. You can now take advantage of our E-Organizer for further savings of time and money. Alternatively, clients visit with us throughout the year to review their tax plans and to implement tax minimization strategies.

You can reduce your tax preparation fee by approximately as much as 25% by foregoing the appointment process and by using our E-Organizer. After reviewing your tax data organizer or E-Organizer files, a telephone conference is usually arranged to discuss the return and to answer any questions you have. Although we encourage personal interaction with all our clients, we urge you to do this during the year as part of the planning process rather than during our hectic season when time is at a premium. Furthermore, time spent during the year can mean greater tax savings because it will allow us to plan prospectively.

"Clients who waived the appointment process and used our E-Organizer during 2016, saved an average of 25% on their 2016 tax preparation fee."

Appointment Dates

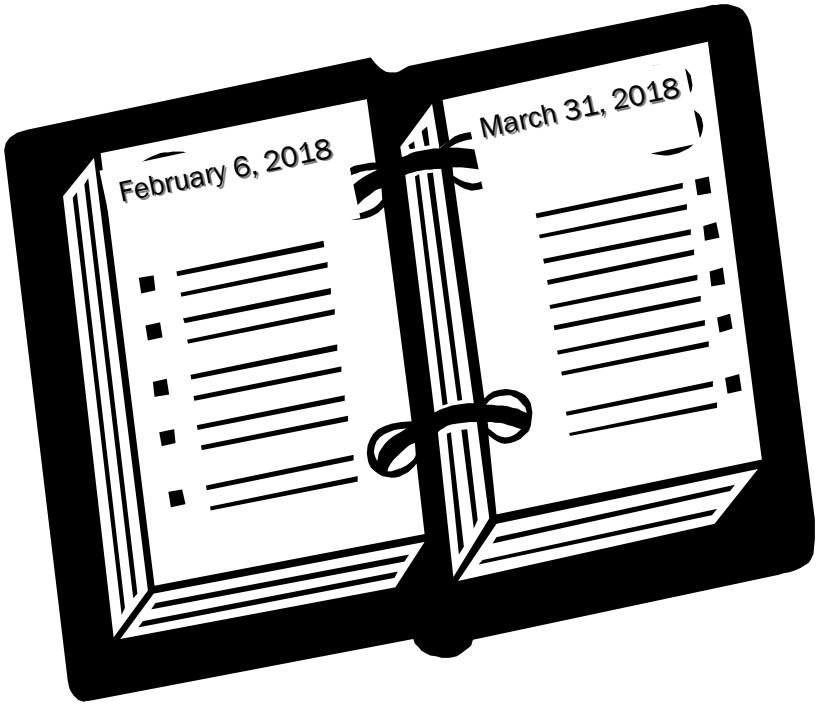
CLIFTON, NEW JERSEY

- TUESDAY—5 pm to 8 pm
- THURSDAY—5 pm to 8 pm
- SATURDAY—9 am to 2 pm

NEW YORK CITY, NEW YORK

- WEDNESDAY—2 pm to 7 pm

For New York City clients, please note that our New York office address remains at 19 West 44th Street between 5th and 6th Avenue), 6th floor. We share space with Kaplow Communications.



Tax Appointment Schedule

As in previous years, we must add a computer charge (minimum of $35) to each return we prepare. This charge is strictly to recover part of the computer cost increases we have experienced. Please note **the minimum charge per return will be $400** (without regard to the computer charge). There will also be a $40 rerun charge for returns that were processed as a result of omissions or errors on your part. There will no longer be an e-file charge as this will now be included in the tax return fee.

The appointment schedule for preparation is listed above. Appointments will start on **February 6, 2018** with the last appointments on **March 31, 2018.** We will not accept appointments after this date and your return will be put on extension. Although appointments are welcome, they are not required. You can save substantial time and money by mailing (or by e-mailing through E-Organizer) your tax information to us for preparation. Any follow up questions can be handled by telephone or through our E-mail service. We urge you to make your appointment as early as possible in order to ensure timely return processing.

Visit Our Website

- Construction of our new web site is always in progress. The site features a photographic tour of our office facility, resumes and interesting background on our staff, information on services offered to our clients, hotlinks to other important websites and, in the future, testimonials from our many satisfied clients.
- The website will also offer direct access to our e-mail system, all client newsletters, updated payroll tax information and the ability to download and prepare our 2017 tax data organizer on screen. Information is also available concerning our E-Organizer product and how it works
- Future construction will include new hot links and updates on new tax law developments. The web site can be found at ***www.gittco.com***.

"The web site can be found at ***www.gittco.com***."

Firm E-Mail Directory and Voice Mail Extensions

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Sean Faust, CPA	sfaust@gittco.com	117

Tax Organizer Request Form

A tax organizer is available, at your request, to help you gather data needed to prepare your returns. The organizer also gives you the data from your 2016 return for comparison. If you are interested in receiving one, please detach the request form below and mail it to our Clifton, New Jersey office no later than January 31, 2018. You can also fax your request to (973) 778-0140 or send an e-mail to dswiatek@gittco.com. The organizer will be mailed or emailed shortly thereafter. You can also download the organizer from our website at http://www.gittco.com.

E– Organizer Request

Clients who wish to utilize our E-Organizer (see page 30) can send an e-mail to dswiatek@gittco.com before January 31, 2018. The E-Organizer will be e-mailed back to the senders e-mail address shortly thereafter.

CUT THIS OUT

Request Form

TAX ORGANIZER

Please Send Me a 2017 Tax Organizer

Comments:

Delivery Preference: ☐ Mail ☐ Email

Name

Address

Email Address

Gittelman & Company, P.C.

300 Colfax Avenue

PO Box 2369

Clifton, New Jersey 07015-2369

*"The taxpayer: that's someone who works for the federal government, but doesn't have to take a civil service examination."–**Ronald Reagan***

*"Make sure you pay your taxes; otherwise you can get in a lot of trouble."–**Richard M. Nixon***

*"What people really want is fairness. They want people paying their fair share of taxes."–**Barack Obama***

Gittelman & Company, P.C.

Certified Public Accountants

Management Consultants
"Tomorrow's knowledge today"

300 Colfax Avenue

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