

**Business Tax & Information Return Filing Deadlines**

Corporate income tax rate for tax years beginning in 2018 is 21%.\*  
 Partners may be eligible to deduct 20% of qualified business income.  
 C Corporations: 15th day of 4th month after end of tax year.  
 S Corporations: 15th day of 3rd month after end of tax year.  
 Partnerships & LLCs: 15th day of 3rd month after end of tax year.  
 Nonprofits: 15th day of 5th month after end of tax year.  
 Form W-2 and Form 1099-MISC (Box 7 compensation): January 31.

\*Graduated corporate tax rates remain in effect for 2017, with a top rate of 35%.

**ALERT:** New audit rules take effect for partnerships and certain LLCs in 2018.

**Section 179 Expensing**

	2017	2018
Maximum Eligible Property	\$510,000	\$1,000,000
Max. Qualified Real Property	\$510,000	\$1,000,000
Threshold for Reduction	\$2,030,000	\$2,500,000

**Bonus Depreciation\***

50% – property placed in service through 9/27/2017  
 100% – property placed in service 9/28/2017 through 12/31/2022  
 80% – property placed in service 1/1/2023 through 12/31/2023  
 60% – property placed in service 1/1/2024 through 12/31/2024  
 40% – property placed in service 1/1/2025 through 12/31/2025  
 20% – property placed in service 1/1/2026 through 12/31/2026

\*Deduction allowed for percentage of adjusted basis of qualifying property.

**Per Diem Rates – Effective Until:**

	9/30/2017	9/30/2018
High Cost Localities	\$282	\$284
Low Cost Localities	\$189	\$191

**Pennsylvania Income Taxes**

PA Corporate Net Income Tax: 9.99%.  
 Capital Stock / Foreign Franchise Tax: Eliminated 1/1/16.  
 PA Individual Income Tax: 3.07%.  
 Social Security and retirement income are generally exempt.

**Employment Taxes**

	2017	2018
<b>FICA Taxable Wage Limit</b>		
Social Security Wages (OASDI)	\$127,200	\$128,400
Medicare Wages (HI)	No Limit	No Limit
<b>Employee Tax Rates</b>		
Social Security Portion (OASDI)	6.2%	6.2%
Medicare Portion (HI)	1.45%	1.45%
<b>Self-Employed Tax Rates</b>	15.3%	15.3%
<b>Additional Medicare Tax*</b>	0.9%	0.9%
<b>Employer Tax Rates</b>		
Social Security Portion (OASDI)	6.2%	6.2%
Medicare Portion (HI)	1.45%	1.45%
<b>Unemployment Compensation</b>		
Federal Taxable Wage Limit	\$7000	\$7000
PA Taxable Wage Limit	No Limit	No Limit
PA Employee Tax Rate	0.07%	0.06%

\*Applies to income >\$200,000 (single, HoH, qualifying widow(er));  
 >\$250,000 (married filing jointly); >\$125,000 (married filing separately).

**Federal Transfer Taxes**

	2017	2018
<b>Federal Estate Tax Exclusion</b>	\$5,490,000	\$11,180,000
Equivalent Estate Tax Credit	\$2,141,800	\$4,417,800
<b>Lifetime Gift Tax Exclusion</b>	\$5,490,000	\$11,180,000
<b>GST Tax Exclusion</b>	\$5,490,000	\$11,180,000
<b>Tax Rate on Excess Transfers</b>	40%	40%
<b>Annual Gift Tax Exclusion</b>	\$14,000	\$15,000
Joint Spousal Gifts	\$28,000	\$30,000
Gifts to Non-U.S. Citizen Spouse	\$149,000	\$152,000

Due date for Federal estate tax return is 9 months after death.  
 Form 706 must be filed to elect portability, even if no tax is due.

**Pennsylvania Inheritance Tax**

Relationship of Transferee*	Applicable Tax Rate
Spouse	0%
Lineal Descendants	4.5%
Lineal Ascendants**	4.5%
Siblings	12%
All others	15%

\*Transfers made within one year of death are included in taxable estate for PA inheritance tax purposes, subject to a \$3000 per donee exclusion.

\*\*Tax rate for transfers to a parent from a child age 21 or under is 0%.

Due date for PA inheritance tax return is 9 months after death.  
 Property exempt from inheritance tax includes: life insurance; IRAs and certain retirement accounts if decedent is younger than 59½; jointly titled property to the extent not owned by the decedent; transfers to qualified charities; qualified family-owned businesses; intra-family transfers of real estate devoted to the business of agriculture; and intra-family transfers of an agricultural commodity, conservation easement, ag or forest reserve, and ag-use property.

**Alternative Minimum Tax\***

Exemption Amounts	2017	2018
Single	\$54,300	\$70,300
Head of Household	\$54,300	\$70,300
Married Filing Jointly	\$84,500	\$109,400
Married Filing Separately	\$42,250	\$54,700
Estates & Trusts	\$24,100	\$24,600

\*The corporate AMT was repealed by the Tax Cuts and Jobs Act.

Gibbel Kraybill & Hess LLP was founded in 1977 on a shared commitment to providing excellent legal services to our clients. The attorneys in our tax practice maintain this tradition by assisting individual and business clients with a wide variety of tax matters. Whether at the initial tax planning stage or in the midst of a complicated dispute with the IRS, our priority is always to help our clients obtain the best tax result.

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## Tax Planning & Tax Controversy



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## 2017 Federal Income Tax

If taxable income is:

Over	But not >	The tax is	Of amount >
<b>Rates for Single Individuals*</b>			
\$0	\$9325	\$0 + 10%	\$0
\$9325	\$37,950	\$933 + 15%	\$9325
\$37,950	\$91,900	\$5226 + 25%	\$37,950
\$91,900	\$191,650	\$18,714 + 28%	\$91,900
\$191,650	\$416,700	\$46,644 + 33%	\$191,650
\$416,700	\$418,400	\$120,910 + 35%	\$416,700
\$418,400	—	\$121,505 + 39.6%	\$418,400

**Rates for Married-Filing-Jointly & Qualifying Widow(er)\***

\$0	\$18,650	\$0 + 10%	\$0
\$18,650	\$75,900	\$1865 + 15%	\$18,650
\$75,900	\$153,100	\$10,453 + 25%	\$75,900
\$153,100	\$233,350	\$29,753 + 28%	\$153,100
\$233,350	\$416,700	\$52,223 + 33%	\$233,350
\$416,700	\$470,700	\$112,728 + 35%	\$416,700
\$470,700	—	\$131,628 + 39.6%	\$470,700

**Rates for Head of Household\***

\$0	\$13,350	\$0 + 10%	\$0
\$13,350	\$50,800	\$1335 + 15%	\$13,350
\$50,800	\$131,200	\$6953 + 25%	\$50,800
\$131,200	\$212,500	\$27,053 + 28%	\$131,200
\$212,500	\$416,700	\$49,817 + 33%	\$212,500
\$416,700	\$444,550	\$117,203 + 35%	\$416,700
\$444,550	—	\$126,950 + 39.6%	\$444,550

**Rates for Estates & Trusts\***

\$0	\$2550	\$0 + 15%	\$0
\$2550	\$6000	\$383 + 25%	\$2550
\$6000	\$9150	\$1245 + 28%	\$6000
\$9150	\$12,500	\$2127 + 33%	\$9150
\$12,500	—	\$3233 + 39.6%	\$12,500

**\*Net Investment Income Tax:** 3.8% tax applies to certain investment income >\$200,000 (single & HoH); >\$250,000 (married filing jointly & qualifying widow(er)); >\$125,000 (married filing separately); >\$12,500 (estates & trusts).

**2017 Rates for Capital Gains & Qualified Dividends\***

Brackets	Short Term	Long Term	Qualified Divs.
10% & 15%	Ordinary	0%	0%
25%, 28%, 33%, 35%	Ordinary	15%	15%
39.6%	Ordinary	20%	20%

**\*2018 rates remain unchanged, but bracket breakpoints are indexed to C-CPI-U.**

Standard Mileage Deduction	2017	2018
Business	53.5¢/mile	54.5¢/mile
Charitable	14¢/mile	14¢/mile
Medical/Moving	17¢/mile	18¢/mile

## 2018 Federal Income Tax

If taxable income is:

Over	But not >	The tax is	Of amount >
<b>Rates for Single Individuals*</b>			
\$0	\$9525	\$0 + 10%	\$0
\$9525	\$38,700	\$953 + 12%	\$9525
\$38,700	\$82,500	\$4454 + 22%	\$38,700
\$82,500	\$157,500	\$14,090 + 24%	\$82,500
\$157,500	\$200,000	\$32,090 + 32%	\$157,500
\$200,000	\$500,000	\$45,690 + 35%	\$200,000
\$500,000	—	\$150,690 + 37%	\$500,000

**Rates for Married-Filing-Jointly & Qualifying Widow(er)\***

\$0	\$19,050	\$0 + 10%	\$0
\$19,050	\$77,400	\$1905 + 12%	\$19,050
\$77,400	\$165,000	\$8,907 + 22%	\$77,400
\$165,000	\$315,000	\$28,179 + 24%	\$165,000
\$315,000	\$400,000	\$64,179 + 32%	\$315,000
\$400,000	\$600,000	\$91,379 + 35%	\$400,000
\$600,000	—	\$161,379 + 37%	\$600,000

**Rates for Head of Household\***

\$0	\$13,600	\$0 + 10%	\$0
\$13,600	\$51,800	\$1360 + 12%	\$13,600
\$51,800	\$82,500	\$5944 + 22%	\$51,800
\$82,500	\$157,500	\$12,698 + 24%	\$82,500
\$157,500	\$200,000	\$30,698 + 32%	\$157,500
\$200,000	\$500,000	\$44,298 + 35%	\$200,000
\$500,000	—	\$149,298 + 37%	\$500,000

**Rates for Estates & Trusts\***

\$0	\$2550	\$0 + 10%	\$0
\$2550	\$9150	\$255 + 24%	\$2550
\$9150	\$12,500	\$1839 + 35%	\$9150
\$12,500	—	\$3012 + 37%	\$12,500

**Personal Exemption**

**Standard Deduction**

	2017	2018
Single/MFS	\$6350	\$12,000
Head of Household	\$9350	\$18,000
Married Filing Jointly	\$12,700	\$24,000

**Increase for >65 or Blind**

	2017	2018
Single	\$1550	\$1600
Married Filing Jointly	\$1250	\$1300
<b>Maximum Child Tax Credit</b>	\$1000	\$2000

**HSA Contribution Limit**

	2017	2018
Individual Coverage	\$3350	\$3450
Family Coverage	\$6750	\$6900

## Retirement & Social Security

**Retirement & Pension Plan Contribution Limits**

	2017	2018
IRA	\$5500	\$5500
IRA Catch-Up Amount (≥50)	\$1000	\$1000
401(k), 403(b), & 457 Plans	\$18,000	\$18,500
401(k), 403(b), & 457 Catch-Up (≥50)	\$6000	\$6000
SIMPLE IRA	\$12,500	\$12,500
SIMPLE IRA Catch-Up Amount (≥50)	\$3000	\$3000
Defined Contribution Plan/SEP	\$54,000	\$55,000
Defined Benefit Plan	\$215,000	\$220,000
Maximum Compensation Taken Into Account for Contributions	\$270,000	\$275,000
Compensation Threshold for Highly Compensated Employee	\$120,000	\$120,000
Compensation Threshold for Key Employee	\$175,000	\$175,000

**Roth IRA Phaseout**

	2017	2018
Individual Filers	\$118,000 - \$133,000	\$120,000 - \$135,000
Joint Filers	\$186,000 - \$196,000	\$189,000 - \$199,000

**Allowable Social Security Earnings**

	2017	2018
Before Full Retirement Age	\$16,920	\$17,040
Year of Full Retirement Age	\$44,880	\$45,360
After Full Retirement Age	Unlimited	Unlimited

**Full Retirement Age Based on Birth Year**

1937 or Earlier	Age 65
1938 - 1942	Age 65 + 2 months per year in range
1943 - 1954	Age 66
1955 - 1959	Age 66 + 2 months per year in range
1960 or Later	Age 67

**Social Security Benefits**

	2017	2018
Earnings required per credit	\$1300	\$1320
Maximum benefit at age 62	\$2153/mon.	\$2158/mon.
Max. benefit at full retirement age	\$2687/mon.	\$2788/mon.
Maximum benefit at age 70	\$3538/mon.	\$3698/mon.

**Increase for Delayed Retirement Beyond Full Retirement Age**

Year of Birth	Yearly Increase	Monthly Increase
1933 – 1934	5.5%	11/24 of 1%
1935 – 1936	6.0%	1/2 of 1%
1937 – 1938	6.5%	13/24 of 1%
1939 – 1940	7.0%	7/12 of 1%
1941 – 1942	7.5%	5/8 of 1%
1943 or Later	8.0%	2/3 of 1%

**Thresholds for Taxation of Social Security Benefits**

	Up to 50% Taxable	Up to 85% Taxable
Single/HoH	\$25,001 - \$34,000	> \$34,000
Married Filing Jointly	\$32,001 - \$44,000	> \$44,000