



# BREAKING THE TAX CODE:

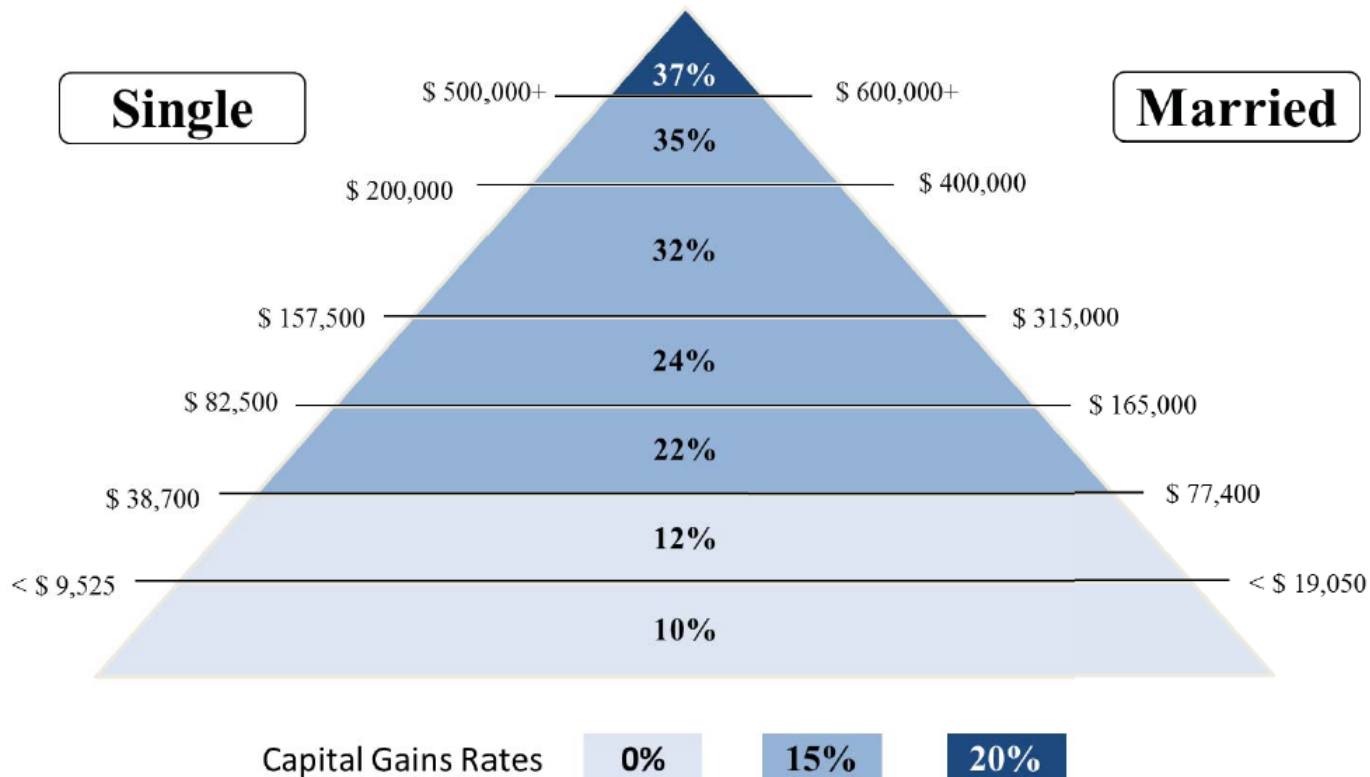
## Tax Reform and Strategies for Real Estate Investors

Presented by Keystone CPA, INC. 

AS SEEN ON:



# Recent Tax Rates at a Glance\*



*\*Adjusted for inflation each year*

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## Deductions

- Standard deductions are doubled & personal exemptions repealed
- Property tax and income taxes limited to \$10k
- Mortgage Interest limited to \$750k
- Home Equity Line of Credit (HELOC) may no longer deductible
- Tax preparation fees, unreimbursed work expense, moving costs, and investment expenses no longer deductible



## Deductions

- Property tax deductions are not limited for investors
- Mortgage interest deductions are not limited for rental investors
- HELOC interest is still deductible
- 100% Bonus Depreciation
- \$1M Section 179 immediate expensing (non-residential properties)
- 1031X retained for real estate investments



# Choice of Entity?



# C CORPORATIONS

- **21% flat tax rate**
- **Double taxation**
- **Total overall rate is 36%**



# Section 199A

What is the new tax break under Section 199A?

**The first 20% of flow-through income may be taxed at zero rate (i.e. Tax-free income)**



# SECTION 199A

## What is flow-through income:

- Partnerships, LLCs, S Corporations
- Schedule C
- Schedule E
- Schedule F





# Section 199A

## Which real estate related income may qualify for Section 199A tax benefit?

Syndication/Acquisition Fee Income	Yes
Development Income / Flip Profit	Yes
Realtor/broker commissions	Yes
Property Management Income	Yes
Wholesale Income	Yes
Rental Income	Maybe
Interest income	No
Capital Gains/Dividends	No

\*Income from W-2 and retirement distributions are not eligible.



# CHANGES TO FLOW THROUGH INCOME

**20% of flow-through income is tax-free if personal taxable income is under:**

- \$157k single
- \$315k married



# CHANGES TO FLOW THROUGH INCOME

Those with personal income over the threshold:

- Benefit may be reduced or eliminated depending on your income and type of business you have (service or non-service)
- *Goal is still to get taxable income as low as possible!*



# WAYS TO MAXIMIZE NEW TAX BREAK

## Strategies to Consider:

- *Maximizing business and real estate deductions*
- *Accelerate Depreciation*
- *Real Estate Professional*
- *Charitable Giving*
- *And more....*



# Retirement Planning

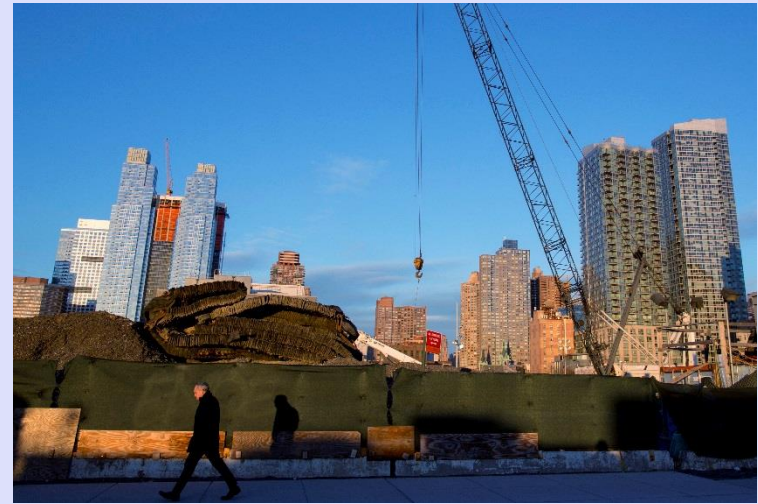


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# Opportunity Zone



OPPORTUNITY ZONES

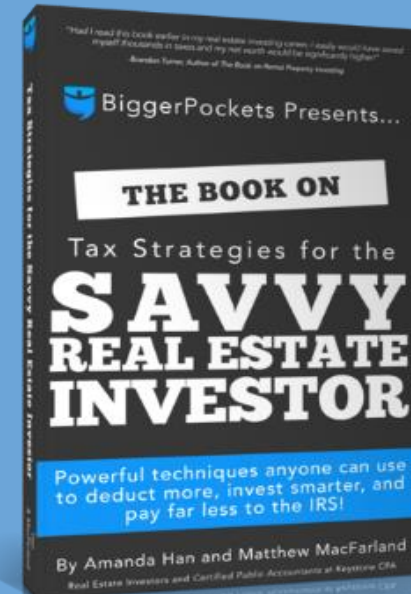
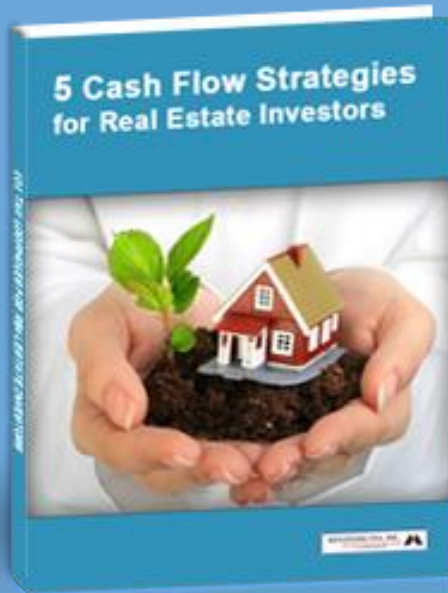
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