

Preparing for Tax Reform

What Tax Reform Could Mean for Your Company

Are you prepared for the potential impact of tax reform? From the release of the “Unified Framework for Fixing Our Broken Tax Code” to the passing of the Tax Cuts & Jobs Act (“TCJA”), Cherry Bekaert has guided clients on the potential impact. While the TCJA may be overwhelming, Cherry Bekaert is here to help you understand how the new tax law could affect you.

New Tax Rate Changes

- ▶ Lower corporate tax rate of 21% down from 35%
- ▶ Repeal of the corporate Alternative Minimum Tax
- ▶ 20% deduction of combined qualified business income
- ▶ Section 199A: A non-cash deduction that effectively reduces the top individual income tax rate from 37% to 29.6% on taxable income received from a pass-through business

The Only Thing Constant Is Change

As you look for answers and clarity, Cherry Bekaert can help:

Businesses & Pass-Throughs

- ▶ Discuss and create a strategy around the new Alternative Minimum Tax measures
- ▶ Develop a strategy around available and repealed credits and incentives
- ▶ Discuss shareholder dividends, company growth and related business activity when changing or creating a new business model around the effect of a lower corporate tax rate

BEAM: Business Entity Analysis Model

If changes to the tax law leave you concerned for the future, our BEAM can help you be proactive!

- 1 Assess the impact**
Tax reform may bring big changes to your business. The smart thing to do is assess how the current legislation may impact your specific circumstances so that you can make good business decisions and identify planning opportunities.
- 2 Accelerate deductions**
You may want to accelerate deductions now so that you can utilize these benefits at today's higher rates rather than in the future when they may be lower. Timing is everything!
- 3 Review accounting methods**
A rate reduction could transform your accounting methods changes into permanent benefits. Talk to us today to see which opportunities may exist for you to defer income and accelerate deductions.

...and more!

- ▶ Provide guidance on how the new limitations on net operating losses, business interest payments and other new business rules may impact your company
- ▶ Discuss the effects of enhanced capital expensing standards on your company
- ▶ Review your company's accounting methods to determine what changes may be needed to place your company in an optimal position
- ▶ Review specific assets that may be treated differently and what it may mean for your company's portfolio
- ▶ Determine whether a change in entity may be needed and draft an exit strategy

Your Global Resource

Tax reform for international tax may have a material impact on your company's current global tax positions. It is important to consider your global tax planning including entity selection, transfer pricing planning and capital structure. We can provide guidance. Let us:

- ▶ Communicate and strategize how the repatriation tax may affect your overall business model
- ▶ Determine how the transition to a territorial system may affect distribution
- ▶ Review financial statement impact
- ▶ Develop a strategy for "base-erosion prevention" measures

Tax Change Is Here! Is Your Business Ready?

Limited or repealed credits & deductions:

- ▶ Section 199, DPAD
- ▶ Future Limitation of Research Expenditures and Capitalization Requirement
- ▶ Deduction for Entertainment, Amusement for Recreation Activities, Facilities or Membership Dues
- ▶ Deduction for Transportation Fringe Benefits

Key Provisions

- ▶ Increase in UNICAP Threshold to \$25 Million
- ▶ Increase of the Threshold for Accounting for Inventories to \$25 Million
- ▶ Increase in Cash Method of Accounting Threshold to \$25 Million
- ▶ R&D Tax Credit
- ▶ Deduction for Advertising Expenditures
- ▶ Corporate State & Local Tax Deduction
- ▶ Orphan Drug Credit
- ▶ Deduction for Certain Unused Business Credits
- ▶ Work Opportunity Tax Credit
- ▶ Credit for Employer-Provided Child Care

Let us be your guide forward

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