

James A. Beal IV, CPA, CFP®  
Debra C. Yonz, CPA  
James S. Rivers III, CPA, CFP®  
Larry G. Taylor, CPA

**BYRT CPAs, LLC**  
Certified Public Accountants



byrt@byrt.com

1 BYRT Way  
Alma, GA 31510  
Phone: 912-632-7171  
Fax: 912-632-6663

722 S. Main Street  
Baxley, GA 31513  
Phone: 912-367-9888  
Fax: 912-367-0116

105 East Dame Avenue  
Homerville, GA 31634  
Phone: 912-487-5414  
Fax: 912-487-5314

102 Lee Avenue  
Waycross, GA 31501  
Phone: 912-283-8889  
Fax: 912-283-1971

**2018 Tax Reform – Changes in Business Deductions**

Dear Client,

In December 2017 the Tax Cuts and Jobs Act (TCJA) was passed, the largest tax overhaul in 30 years. We wanted to write you to let you know how the reform might affect your business.

**Entertainment Expenses**

Before the changes were effective, businesses were permitted to claim 50% of business-related entertainment expenses. Under the new law this deduction is eliminated; therefore, no entertainment expenses can be deducted. This includes taking clients to non-business-related events, such as sporting events or hunting clubs.

The deduction for meals where business is conducted is limited to 50% of the total cost of the meals. The deduction for any food or beverages provided to employees is also limited to 50% of the cost of the item (100% deduction is still allowed for an annual holiday party and/or office picnic).

Another expense that the code specifically excludes from being deductible is club dues. This includes membership dues for any club organized for business, pleasure, recreation, or other social purposes. If a business pays for an owner's club dues the amount paid is no longer a deductible business expense. You can still pay dues or club membership through the business bank account, but it will need to be coded to personal distributions. Country club dues have been disallowed for the last few years and the tax reform continues that disallowance.

**Depreciation**

While entertainment & meal deductions were limited with the tax reform, the rules related to depreciation were expanded; and are very favorable for businesses. The limit on Section 179 Depreciation was increased from \$500,000 to \$1,000,000 for assets placed in service during a tax year. The Section 179 expense election has also been expanded to cover the following improvements to nonresidential buildings made after it was first placed in service: roofs, air conditioning units, fire protection and alarm systems, and security systems.

Bonus Depreciation now allows you to deduct 100% of any new or used qualified property in the year the asset is placed in service. Under the previous law bonus depreciation was limited to 50% on new property only.

I hope this information helps you understand these changes. Please call us if you wish to discuss how this change or any of the many other changes in the TCJA could affect your particular tax situation.

Very truly yours,

*BYRT CPAs, LLC*