

SAGE *Solutions*

Salient Points of the current tax act signed by the House Thursday evening

By Sage Hill Advisory & Management

Hot off the press...here are our immediate findings & thoughts...to be refined...

Income Tax

- Maximum 35% Tax Bracket
- Personal Exemptions – full use regardless of income level
- Itemized Deductions – full use regardless of income level (note that Miscellaneous itemized deductions, Charitable Deductions, and Medical Expense Deductions retain their unique respective limitations on deductibility)
- Capital Gains (Long-Term) and Dividends retain the 15% maximum rate
- AMT – beginning for 2010 tax returns, expansion of the AMT exempt levels...*important under many circumstances, including those in high taxed states (New York, Minnesota, California)*
- Deduction for sales tax as an electable alternative to deducting state & local income taxes....*important in states such as Florida, Texas, Nevada, Washington + in years of extraordinary purchases (auto, boat, furnishings for new home, etc)*

Estate and Gift Tax

- \$5mm Exemption per individual for gifts from your estate *or from lifetime gifts....where one is aware of your financial independence needs over your lifetime, assets owned above that level can be more easily gifted directly or through trusts. This also enables appreciation in the value of your assets to avoid being taxed before being available to benefit your descendants.*
- \$10mm Exemption for married couples...*apparently, one's estate plan will be possible to be simpler than under previous law...more to come*

Business Investment

- Bonus depreciation allowed for purchase of business equipment
- Full expensing of purchase of certain equipment for the year of purchase
- Exclusion of Capital Gains re Sale of Small Business Stock...we see many small businesses being sold through families' succession plans or exit plans once market valuations of businesses improve. This provision may impact your target sale price. Note that this only applies to C Corp Stock

Sage Hill Advisory & Management
18 Division Street
Suite 210A
Saratoga Springs, NY 12866
Main: 518-871-1214
www.sagehilladvisory.com

SAGE HILL
Advisory & Management