Summer Update:

In lieu of our regular summer newsletter, we are sending a shorter update. Everything went well during our busy tax season, and our staff members comprised of Ellen, Jeff and Mike continue to outperform. We continue to receive many inquiries regarding proposed tax reform – however, in the absence of legislation from Congress we will concentrate on various changes affecting you for 2017. Our next newsletter will arrive during the fourth quarter. Thank you for all of your many referrals – they are very much appreciated!

Payroll & Savings Updates:

The Social Security Administration has changed the maximum earnings subject to the Social Security component to $127,200 for 2017, an increase of $8,700 from 2016's cap. The Medicare component remains at 1.45% of all earnings, and individuals with earned income of more than $200,000 ($250,000 for marrieds) will pay an extra 0.9% in Medicare taxes. For 401(k) plan participants, the maximum pre-tax contribution for 2017 remains at $18,000 (an additional $6,000 can be contributed for individuals who will be at least age 50 by year-end). The cap on SIMPLE plans stays at $12,500…$15,500 for individuals age 50 and older.

Income Tax Updates:

Businesses that are organized as an S-Corp, a partnership, or limited liability companies filing Form 1065 must file their entity tax return by March 15, 2018. This moves the required filing date up one month. Businesses organized as C-Corporations have a filing date that is one month later, now April 15th.

The standard mileage rate for business travel falls to 53.5 cents per mile. The allowance falls to 17 cents per mile for medical travel purposes. The rate for charitable travel remains at 14 cents

The threshold for deducting medical expenses on Schedule A jumps to 10% of Adjusted Gross Income (AGI) for taxpayers who are age 65 or older, starting with 2017 returns. This higher floor, set as part of the Affordable Care Act, has applied to younger filers since 2013.

Payin limits for IRA's and Roth IRA's stay put at $5,500 for 2017, plus an additional $1,000 as a catch-up contribution for taxpayers age 50 and older. Phase-outs for IRA's and Roth IRA's adjust upward for 2017: They phase out at AGI of $186,000 to $196,000 for couples (and $118,000 to $133,000 for singles).

The estate and gift tax exemption for 2017 rises to $5,490,000. The annual gift tax exclusion stays the same…$14,000 per diem.

A quick reminder that the Health Care penalties still apply. The penalty is still there if you aren't insured – you would owe a "shared responsibility tax" to the IRS that's $695, or as much as 2.5% of your AGI, whichever is higher.