

2018

# Tax Reform for Small Business Owners

Striving to educate, inform, and inspire small business owners

# Disclosure

---

This presentation was prepared by CH Capital Partners, LLC, and reflects the current opinions of the authors. It is based upon sources and data believed to be accurate and reliable. Opinions and forward looking statements expressed are subject to change without notice. This information does not constitute a solicitation. CH Capital Partners, LLC does not provide tax or legal advice. Please notify your tax or legal advisor before using any strategy in this presentation. CH Capital has not been endorsed by IRS or any CPA firms.

# What changed in 2018 for growth strategies?

Key items to consider

# Depreciation

---



## Cost Segregation

Years: 9-27-2017 to 12-31-2022

100% Bonus depreciation

Years: 1-1-2023 to 12-31-2026

20% Decline each year

For flow through entities: S-Corp, LLC,  
Partnerships can only use \$500,000 Net  
Operating Loss in a given year for joint married  
filing



## Section 179

Increase to \$1,000,000

Qualified Improvement Property (QIP)

Eliminated from Bonus depreciation

Elimination of qualified leasehold  
improvement, qualified restaurant, and  
qualified retail improvement property.

Retained qualified improvement property (QIP)

Roofs, Heating, Ventilation, Air Conditioning,  
Fire protection, Alarm System, and Security  
system.

# What Depreciation means to you

---

## Cost Segregation



- **Cost Segregation Depreciation**

Example:

Purchased Price: \$5,000,000

Cost Seg. Depreciation Estimate: 1,400,000

Taxable Income: \$500,000

Can only deduct \$500,000 or 80% of taxable income

80% of \$500,000 = \$400,000

Taxable Income: \$500,000

Loss: \$400,000

Taxable Income: \$100,000

This example is a hypothetical. Please contact your tax or legal advisor before acting upon this strategy. CH Capital does not provide tax or legal advice.

# 1031 Exchange

---

2018

## 1031 Exchange changes

Real Property Only

Non Real Property:

Vehicle

Equipment

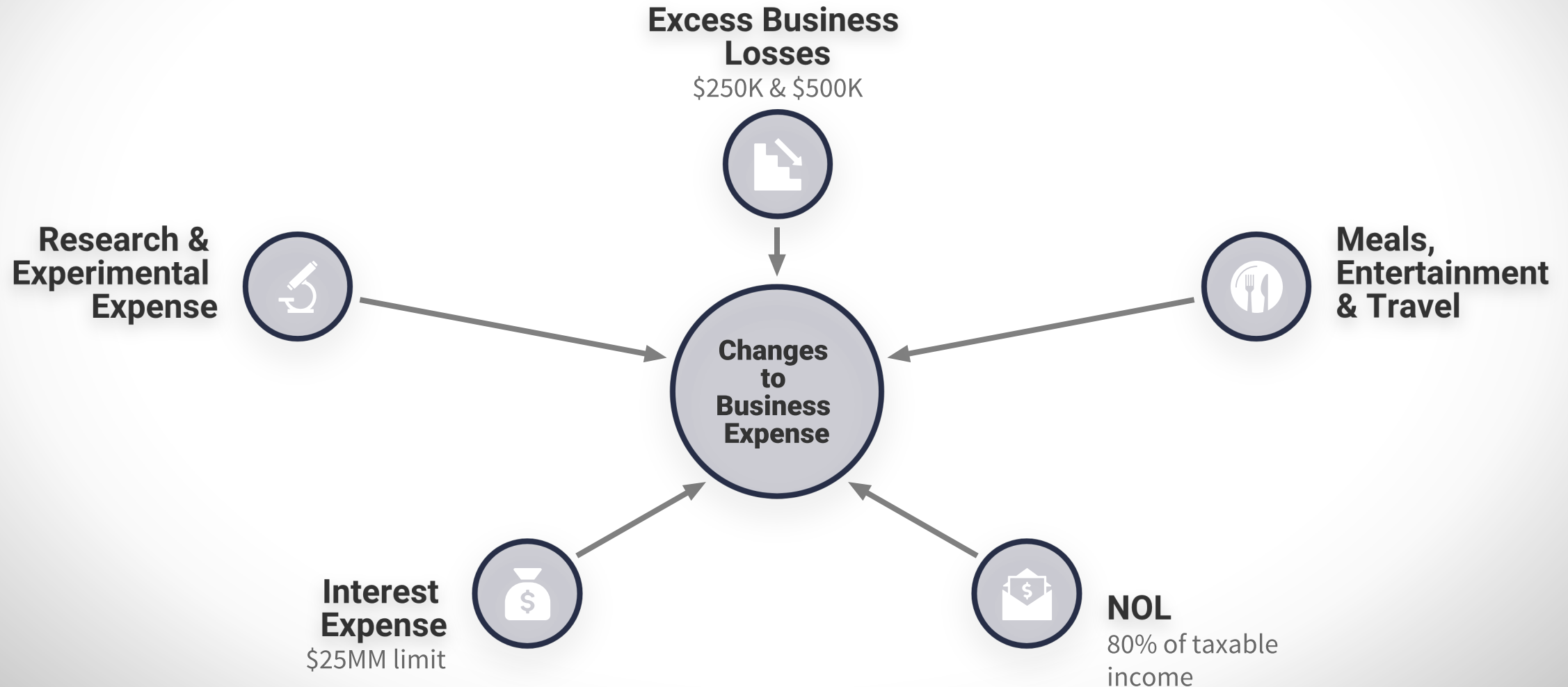
Machinery

Other non real property



# Business Deduction Limitation highlights

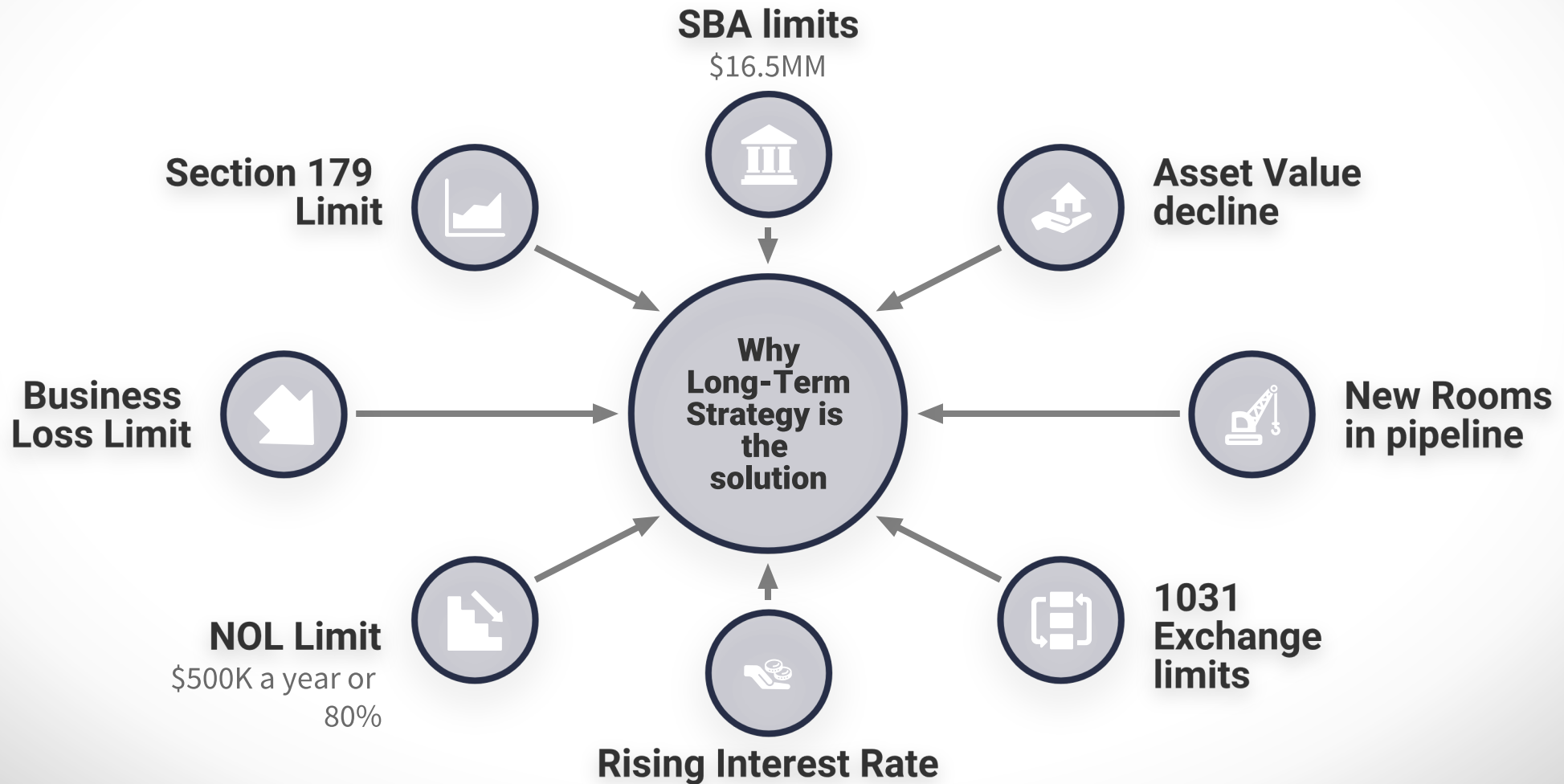
---





# Few things to consider for Hotel owners

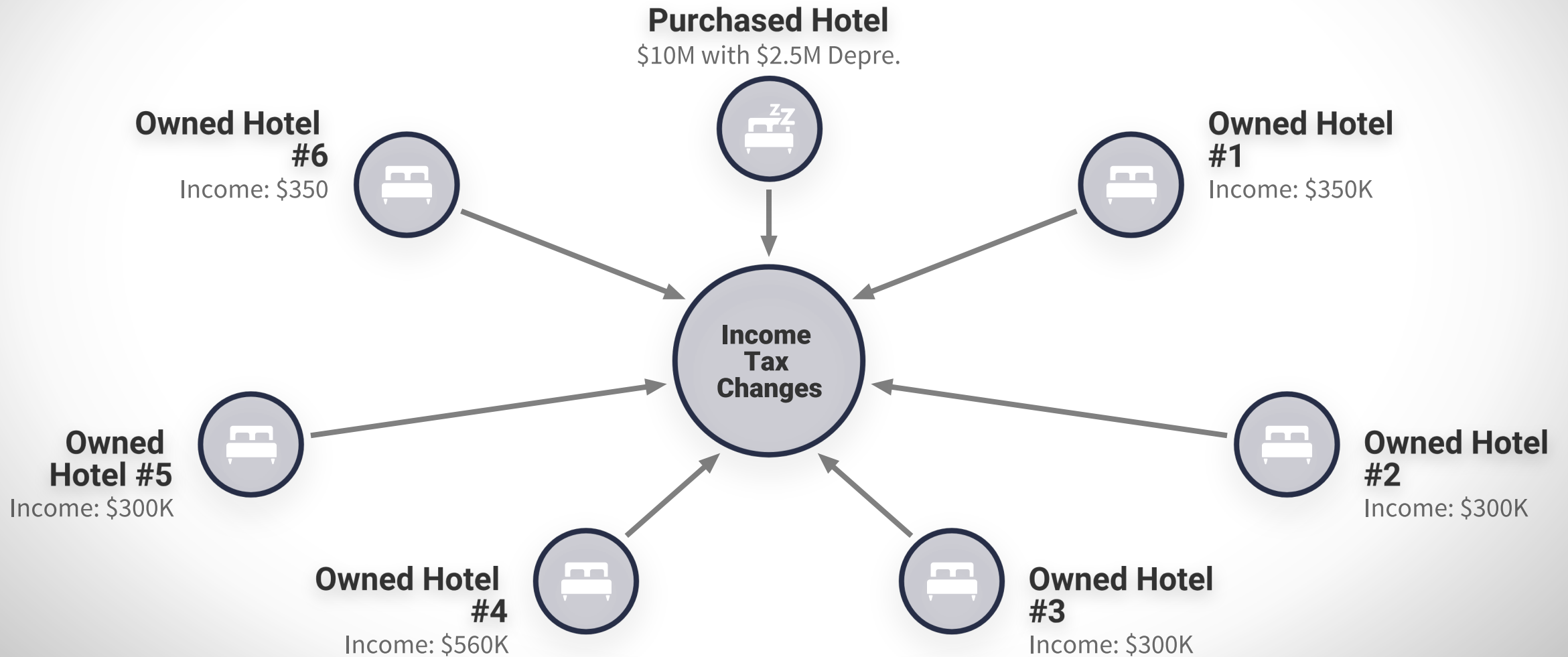
---





# Problems for Flow Through Entities

---



# Hypothetical

---

## Previous slide reference

Hotel #1 Income: \$350K

Hotel #2 Income: \$300K

Hotel #3 Income: \$300K

Hotel #4 Income: \$560K

Hotel #5 Income: \$300K

Hotel #6 Income: \$350K

Maximum Loss: \$2,200MM

Total Taxable Income: \$1,660MM

New Purchase loss: \$2,200MM

Maximum Deduction: \$1,328MM (80% of taxable income)

Carry forward loss: \$872K

## Annual dollar limit on loss deduction per tax payer

\$500,000 for Married filing joint

\$250,000 for single

2018 to 2025

Sole Prop

LLC

Partnerships

S Corp

**What else have you not  
considered? Get to know us.**

Know who you are working with.  
CH Capital Partners, LLC

A large crowd of people, seen from behind, filling the frame. The image is dark and monochromatic, with the text overlaid in white.

# Let's grow

Changing the conversation  
CH Capital Partners, LLC