

### ***How much will your taxes go down?***

*As you can imagine, the answer to this question is entirely dependent on your own personal facts. That said, we can identify the highlights of the new Tax Cuts and Jobs Act that will affect most family owned auto dealerships and their owners. In the [Resources Center](#) of our website, we have a series of easy-to-read articles where you can learn about the key items in the new Tax Cuts and Jobs Act that are likely to affect you, as an **Auto Dealer** and your family owned businesses*

*Here are the key items from the new tax laws likely to affect your taxes:*

**Personal Tax Rates** - *Personal Tax rates have been reduced 2.96% from 39.6% down to 37%*

**Qualified Business Income (QBI) Deduction** - *You will likely be able deduct 20% of your dealership income from your taxable income. Because of this QBI deduction, a potential planning strategy to explore is to reduce the W-2 wages you pay to owners. This will increase your QBI deduction and lower your taxes even further. This is a must for dealerships that are owned by one person. It is also a good idea if there are multiple owners who take out wages in close relation to their ownership percentages. How low you can make your salaries is a judgment call. The IRS has rules regarding "reasonable compensation", but as a general guideline, something in the area of \$300,000 would be consistent with NADA reports from their salary surveys*

**Increase in Sec 179 Depreciation** – *your dealership may be able to immediately expense up to \$1,000,000 in qualified property, which includes almost everything except land and buildings*

**Increased Estate Tax Exclusion** - *The Estate Tax Exclusion was increase to \$11.2 million per person, or \$22.4 million for a married couple*

**Easing the application of Alternative Minimum Tax (AMT)** – *under the new rules, if your taxable income is less than \$1,000,000 (married filing joint) you will NOT be subject to the AMT*

**Limitation of state tax deductions**- *deductions for state property and income taxes will be limited to \$10,000 which will increase your effective tax rate unless you live in state with no income tax.*

*To learn more about these and many other new laws see our [Resource Center](#)*

*If you wish to discuss the impact of these rules on your particular situation, please email me at [marc@crumbackassociates.com](mailto:marc@crumbackassociates.com) or give me a call at 443-286-7969*