**New tax legislation requires planning**

Though many dentists appreciate the income tax cuts in the Tax Cuts and Jobs Act (TCJA) passed late last year, others are skeptical that it will simplify their tax planning. With every simplification, there are many more tax issues that still require planning to realize extra tax benefits. Here are seven of them:

1. **Planning for all the moving parts**  
   In many ways, the TCJA gives with one hand and takes away with the other. The “giving hand” provides a lower income tax rate structure and a higher standard deduction, while the “taking hand” gets rid of personal exemptions, suspends many itemized deductions and limits deductions that remain. There are many variables that determine whether you come out ahead or behind and a tax planning session can help you figure it all out.
2. **Getting creative and flexible about itemizing**  
   Many itemized deductions remain the same, others were eliminated completely and some have new limits. For example, while charitable contributions are still a qualified deduction, there is now a $10,000 combined cap on state, local and property tax deductions. The new constraints mean considering creative solutions to maximize these deductions. One idea is to make better use of the donation of appreciated stock as part of your charitable giving.
3. **Dealing with new complexity in dental practice ownership**  
   Dental practice owners and sole proprietors will have to do a complicated calculation to see how much of the 20 percent reduction to pass-through qualified business income they can take. It depends on your expenditures on capital and wages. This calculation can get complicated very quickly.
4. **Understanding the newly changed “marriage penalty”**The disadvantage for married couples within the tax code is still very much in place, but it is changing. For instance, the marriage penalty that had given unfavorable income tax rates to married joint filers when compared to single individuals goes away in the TCJA for most income levels. But it rears its head again in the $10,000 combined state, local and property tax limitation, which does not double for married joint filers. This is something you’ll have to plan around.
5. **Getting credit for your kids**  
   There are many new tax benefits for parents in the TCJA. The child tax credit doubles to $2,000 and the phaseout threshold jumps to $400,000 from $110,000 previously for joint filers, making it available to more taxpayers. Dependents ineligible for the child tax credit can qualify for a new $500 per-person family tax credit. On top of that, distributions from 529 education savings plans can now be used to pay private school tuition for K-12 students.
6. **Adjusting to disappearing tax breaks**If your tax planning was built on any of the following expiring tax provisions, you’ll have to change your plan: personal exemptions; miscellaneous itemized deductions; home equity interest; alimony deductions (expiring in 2019); the additional child tax credit; theft and casualty losses; and the domestic production activity deduction (DPAD).
7. **Facing the old complexities**Many areas of the tax code remain largely the same and contain both potential pitfalls and opportunities to find tax savings. Managing capital gains and tax-loss harvesting, charitable activity deductions and a tax-advantaged retirement strategy are just a few areas where you can unlock extra value with smart planning.

The big changes to tax reform this year may be disconcerting at first, but in change there is opportunity. After the dust settles on the 2017 tax season, get ready to take a detailed look at what 2018 tax reform means for you.