

Year-End Tax Planning & Strategies for Healthcare

Jeremy Prickel, CPA,

Elliott Tracy, CPA

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Healthcare CPAs & Advisors



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Our Speakers



Jeremy Prickel, CPA
jeremyp@jrcpa.com



Elliott Tracy, CPA
etracy@jrcpa.com

Agenda

- Oregon Updates
- Thoughts on Tax Reform
- Tax Planning Opportunities
- Questions?

Oregon Updates

Oregon Updates

- Oregon Corporate Activity Tax (CAT)
- New Oregon Paid Family Leave
- Oregon 529
- Other Planning Opportunities

Oregon CAT

- \$250 + 0.57% of “commercial activity”
- First \$1 million is not taxed
- Who is subject?
- Paid quarterly beginning 2020 (Jan, Apr, July, and Oct)

Oregon CAT Example

	Sample Medical Practice
Gross Revenue	4,200,000
Less: Intercompany Revenue	-
Less: Excluded Revenue	-
Plus: Common Ownership & Unitary Group	-
Commercial Activity Base	4,200,000
Cost of Goods Sold	
Labor (Including owner)	1,900,000
Deduction	665,000
Final Deduction	665,000
Net Revenue over Deduction	3,535,000
Exclusion	(1,000,000)
Net Corporate Activity	2,535,000
Corporate Activity Tax	14,700

Oregon Paid Family Leave

- Workers receive up to 12 weeks of PTO
- Paid for by employers and employees
- Effective 1/1/2023

Oregon 529

- Credit equal to lessor of \$300 (MFJ), \$150 (all others), or based on AGI limits
- Effective for 1/1/2020
- 2019 contributions still carryforward until used or expire

Other Planning Opportunities

- Can still itemize for Oregon event if you are not itemizing for Federal
- Oregon Cultural Trust

Thoughts on Tax Reform

Quick Thoughts on Tax Reform

- Most significant tax reform in 30+ years and really complex
- More taxpayers took standard deduction, but most still itemize for state purposes
- Alternative Minimum Tax
- Effective rate lower but owed tax

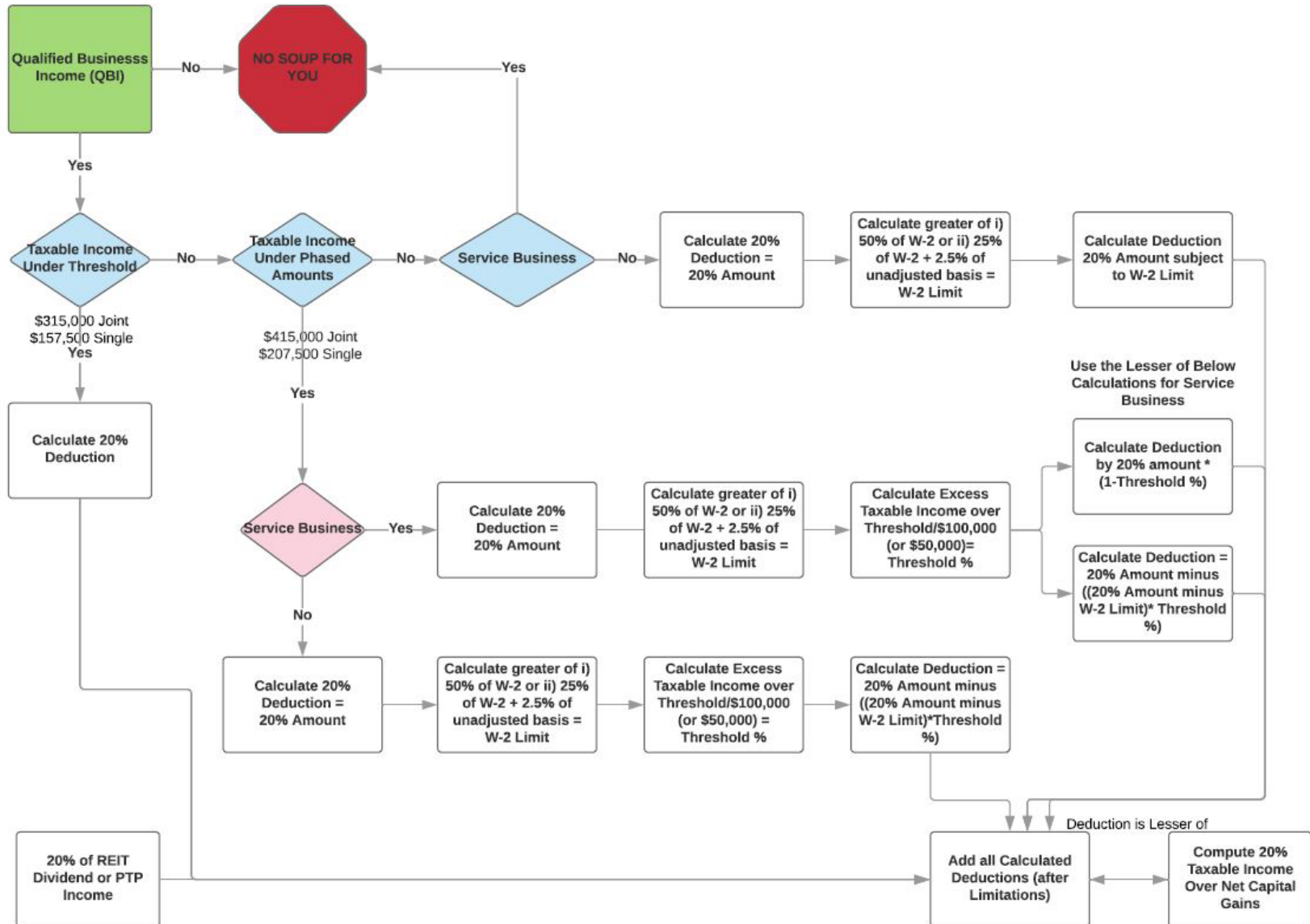
Tax Planning Opportunities

Tax Planning Opportunities

- Qualified Business Income Deduction
- Donor advised funds
- Retirement planning
- Other planning opportunities

PASS-THROUGH DEDUCTION (PTP INCOME OR REIT, BUT NO COOP DIVIDENDS)

Brandon Lagarde | December 23, 2017



QBID Example

Married Filing Jointly	No Planning	Planning
Wages	\$200,000	\$200,000
Practice Income	\$250,000	\$200,000
QBID	\$0	\$6,084
Standard Deduction	\$24,000	\$24,000
Taxable Income	\$426,000	\$369,916
Tax	\$100,479	\$81,752
Marginal Tax Rate	35%	32%
Tax Savings		37.45%

Donor Advised Funds

- Contribution to DAF and receive tax-free growth
- Under current law, no requirement to send money to charity
- Additional benefit when donated appreciated assets
- “Double up in one year to maximize the benefit”

Bonus Depreciation

- Allows for 100% expensing of qualified property placed in service after September 27, 2017 and before January 1, 2023
- Extended through 2026, with 80% in 2023, 60% in 2024, 40% in 2025, and 20% in 2026
- Available to new and used qualified property purchases (previously was new only)
- Property acquired before September 28, but placed in service after September 27 would be subject to old law

179 Business Expensing

- Increases expense amount to \$1,000,000
- Increases phase-out threshold to \$2,500,000
- Expands the definition of qualified real property eligible for section 179 to include certain improvements to nonresidential real property: roofs, heating, ventilation, and air conditioning property; fire protection and alarm systems; security systems.

Business Deductions

- Repeals deduction for entertainment, amusement, recreation activities, facilities, or membership dues; retains 50% deduction on certain food/beverages
- Retains 100% deduction for some employees activities (e.g., Christmas party)
- Expense that are most vulnerable are client entertainment expenses

Business Deductions

- Extends the 50% limit for meals provided for the employer's convenience on or near the employer's business premises.
- Repeals deduction for transportation fringes, most importantly, parking expenses

Retirement planning

- Most common plans; SIMPLE IRA and 401(k)
 - SIMPLE IRA
 - Deferrals up to \$13,000 (\$3,000 catch-up)
 - Employer amount up to \$8,400 (or 3% of compensation)
 - 401(k)
 - Deferrals up to \$19,000 (\$6,000 catch-up)
 - Employer amount up to \$37,000 (or 25% of compensation)
- Other options; Cash Balance

Q & A

Thank You!



Jeremy Prickel, CPA
jeremyp@jrcpa.com



Elliott Tracy, CPA
etracy@jrcpa.com