

**Deadlines & Misc.**

**Third Quarter Estimated Tax Payments** are due by Monday, September 17, 2018. See over if you pay federal taxes by estimate.

**DEADLINES**

September 17, 2018 is the deadline for timely filing extended **Corporate and Partnership** returns. **Fiduciary** (trust/estate) returns are due September 30 (October 1 this year)

**2017 Retirement Plan**

**Contributions** for corporations and partnership staff are also due on or before September 17. Contributions for individual partners and sole proprietors are due by October 15, 2018.

**Individual Income Tax Returns (extended) are due no later than October 15, 2018.**

**Personal Property Tax** 2<sup>nd</sup> ½ payments for 2018 (the 2017 tax) are due on or before October 31, 2018.

**Unclaimed Property Reports** and remittances are due on or before November 1, 2018 for the reporting period July 1, 2014 through June 30, 2015.  
<http://ucp.dor.wa.gov/holderContent.asp>

**CONTACT US**

5808 Lake Washington Blvd NE  
Suite 101  
Kirkland, WA 98033  
425.216.1612 | 425.216.1613 fax  
[mail@cpa4dds.com](mailto:mail@cpa4dds.com)



## Helping Dentists Make Smart Decisions about Money

### TAX-CUTS & JOBS ACT – 20% QUALIFIED BUSINESS INCOME DEDUCTION – 2018:

#### Will you or can you qualify for this brand-new deduction?

The 20% QBI Deduction can apply to any business operated through an S Corporation, Partnership or Sole Proprietorship. It may also apply to certain rental properties that are deemed “businesses”. We are waiting for IRS guidance on the latter.

In its simplest application, the deduction is 20% of the lesser of your Qualified Business Income or taxable income on the applicable tax return. For example, Dr. Dentin’s S corporation has a bottom line of \$300,000 and her joint return filed with her husband shows a taxable income of \$250,000. The deduction would be 20% of \$250,000 for an additional deduction of \$50,000.

The computation is more involved when taxable income exceeds \$315,000 (joint) or \$157,500 (single). In addition to the rules above, wages paid by the business are taken into account and may reduce (but won’t increase) the deduction. There is an alternative computation that considers both wages and the original cost of certain depreciable property of the business that is more likely applicable to real estate activities.

Certain taxpayers, including most professionals, are in a “special class” who are limited, based on taxable income as to participating in the 20% QBI Deduction. Dentists of course are part of this group. In short, if your taxable income exceeds \$415,000 or \$207,500 on a single return you do not qualify for the 20% deduction. If your taxable income is below \$315,000 (joint) or \$157,500 (single) you are fully eligible for the 20% deduction. If you are between these figures, the more complicated computation will apply and there will be a phase-out based on taxable income. For example, if the Dentin’s had taxable income of \$365,000 (halfway through the phase-out range) and the more complex computation (including business wages) did not limit them, they would qualify for 50% of the deduction they otherwise would have qualified for: Lesser of business income (above) \$300,000 or taxable income (\$365,000 in this example) or 20% x \$300,000 x 50% (phase-out) \$30,000.

**Planning:** If you are in the phase-out range, finding additional deductions will pay in multiples – saving you “regular tax” and freeing up more of the 20% QBI Deduction. If you are a bit above the top threshold, assertive tax planning may also pay-off – such as adopting a more generous retirement plan or even a Cash Balance plan which could increase deductions by a \$100,000 or more (as long as you have the cash flow to fund the plan). **DE**

# THIRD QUARTER 2018 ESTIMATED PAYMENTS

**\*\*\*THIS IS ONLY FOR THOSE THAT PAY BY QUARTERLY INSTALLMENTS\*\*\***

**INSTRUCTIONS:**

**If you do not have pre-printed vouchers and envelopes:** (If we have prepared your 2017 return, you will find pre-printed estimated tax payment vouchers in your online secure portal or in your folder if we mailed your tax return to you)

1. Detach or photocopy the voucher below.
2. Complete the name, address and social security number sections.
3. Fill in amount (call us at 425.216.1612 if you have questions regarding the amount).
4. Address your envelope to:

**Internal Revenue Service  
PO Box 510000  
San Francisco, CA 94151-5100**

5. Follow the instructions below for pre-printed vouchers.

**If you are using pre-printed vouchers:**

1. Make your check payable to the **United States Treasury**.
  2. Note your social security number and "2018 1040-ES" on the memo line of your check.
  3. Enclose the voucher and check in your envelope addressed to the Internal Revenue Service (see above).
  4. Mail on or before Monday, September 17, 2018.
- **Want to make future estimated payments on line? Sign up at [EFTPS.gov](http://EFTPS.gov) – This very convenient site allows you to enter multiple payments and dates in advance. Call us if you need help!**

Tear off here

Form **1040-ES**  
Department of the Treasury  
Internal Revenue Service

## 2018 Estimated Tax

Payment  
Voucher **3**

OMB No. 1545-0074

File only if you are making a payment of estimated tax by check or money order. Mail this voucher with your check or money order payable to "United States Treasury." Write your social security number and "2018 Form 1040-ES" on your check or money order. Do not send cash. Enclose, but do not staple or attach, your payment with this voucher.

**Calendar year – Due Sept. 17, 2018**

Amount of estimated tax you are paying  
by check or  
money order.

Dollars	Cents

Print or type	Your first name and initial	Your last name	Your social security number
	If joint payment, complete for spouse		
	Spouse's first name and initial	Spouse's last name	Spouse's social security number
	Address (number, street, and apt. no.)		
	City, state, and ZIP code. (If a foreign address, enter city, also complete spaces below.)		
	Foreign country name	Foreign province/county	Foreign postal code

**For Privacy Act and Paperwork Reduction Act Notice, see instructions.**