New tax law: What's changed for businesses

The first thing to remember is this: The new tax reform law — still uncommonly referred to as the "Tax Cuts and Jobs Act" (TCJA) — didn't start affecting taxes until Dec. 31. That gives businesses time to digest the details of the bill and figure out how the changes will impact their particular tax situation. And that time will be needed. The new tax law is broad-reaching and complicated. And it's only the beginning. More tax reform may be coming.

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The second thing to remember is that these changes are here to stay.

Generally speaking, the law will significantly reduce the income tax rate for corporations and eliminate the corporate alternative minimum tax (AMT). It will also provide a large, new tax deduction for owners of pass-through entities and make major changes related to the taxation of foreign income. But it also reduces or eliminates many business tax breaks.

What are some of the key business-related changes?

- Replacement of graduated corporate tax rates ranging from 15 percent to 35 percent with a flat corporate rate of 21 percent
- Repeal of the 20 percent corporate AMT
- New 20 percent qualified business income deduction for owners of flow-through entities (such as partnerships, limited liability companies and S corporations) and sole proprietorships — only through 2025
- Doubling of bonus depreciation to 100 percent and expansion of qualified assets to include used assets — effective for assets acquired and placed in service after Sept. 27, 2017, and before Jan. 1, 2023
- Doubling of the Section 179 expensing limit to $1 million and an increase of the expensing phaseout threshold to $2.5 million
- Other enhancements to depreciation-related deductions
- New disallowance of deductions for net interest expense in excess of 30 percent of the business' adjusted taxable income (exceptions apply)
- New limits on net operating loss deductions
- Elimination of the Section 199 deduction, also commonly referred to as the domestic production activities deduction or manufacturers' deduction — effective for tax years beginning after Dec. 31, 2017, for noncorporate taxpayers and for tax years beginning after Dec. 31, 2018, for C corporation taxpayers
- New rule limiting like-kind exchanges to real property that is not held primarily for sale
- New tax credit for employer-paid family and medical leave — only through 2019
- New limitations on excessive employee compensation
- New limitations on deductions for employee fringe benefits, such as entertainment and, in certain circumstances, meals and transportation

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