

TAXES TODAY

eNewsletter for
Tax Professionals

Author: Steve Pitchford, CPA, CFP®, Director of Tax and Financial Planning



info@towerpointwealth.com
Twitter: @twrpointwealth

1.916.405.9140

TOWERPOINT
WEALTH

500 Capitol Mall, Suite 1060 | Sacramento, California, 95814

Mitigating Risk Related to Tax Reform

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The Tax Cuts and Jobs Act (TCJA) undoubtedly created a myriad of tax planning opportunities for diligent tax professionals to save money for their clients, while also adding to the profitability of their own firm. **However, at the same time, tax professionals are now at the greatest risk of professional liability claims since the overhaul of the IRC in 1986.**

There are two primary ways claims can arise:

1. Allegations of failure to advise a client about potential tax savings opportunities presented by the TCJA.
2. Providing incorrect advice regarding the application of the TCJA to a client's tax situation.

For example: While the potential 20% Section 199A tax deduction is enticing, incorrectly interpreting a client's ability to utilize (or not utilize) this still somewhat nebulous deduction could leave a tax professional liable for a client's associated tax penalties and interest. Even worse, it could irreversibly damage his or her professional reputation as well.

Note: Click [HERE](#) to read an excellent article focusing on specified service businesses eligible for this deduction.

One actionable way to protect against professional liability claims is to employ a tax compliance engagement letter, separate and distinct from a tax planning engagement letter, for each client.

Click [HERE](#) to read *Mitigating risk related to tax reform*, discussing this concept as well as other preventative measures.



On another note, as the fall busy season ramps up, we will be collaborating with you, our trusted CPA/tax advisor community, to ensure we are not overlooking impactful planning opportunities for any of our mutual clients for the remainder of 2018.

One way we do this is by utilizing BNA Income Tax Planner, our tax projection software of choice. Whether analyzing a client's optimal Roth conversion amount or examining the impact of selling a real estate holding of theirs, we will always be sure to share our results with you to ensure we collaborate to make the best decision for our mutual client(s).

We are here to help.

As always, please feel free to reach out and call (916-405-9166) or email (spitchford@towerpointwealth.com) with any questions, thoughts, or needs you may have. At Towerpoint Wealth, we are happy to be a direct and no-strings-attached resource for you.



*Steve Pitchford CPA, CFP®
Director of Tax and Financial Planning*