

TAXES TODAY

eNewsletter for
Tax Professionals

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Tax Bills in Response to the TCJA

Taxes Today by Towerpoint Wealth – 6.01.2018

As 2018 presses on, we continue to see tax bills proposed in response to the TCJA. Of particular note are those involving charitable contributions.

One bill that has gained significant attention is the workaround being proposed by blue states such as California, in response to the \$10,000 federal cap on the [SALT](#).

As mentioned in the first article below, IRS to issue guidance on state efforts to circumvent tax-law provision, "some of these measures allow residents to make donations to state and local funds in exchange for credits against their state and local taxes. The intention is for the donations to also be deductible as charitable contributions on their federal income taxes, since the charitable deduction wasn't capped in the new tax law."

Our viewpoint is that it is unlikely the IRS will allow these workarounds, the rationale being that donations to state and local funds are not charitable in nature. Regardless, we are interested to see the IRS' guidance and will continue to monitor developments here as circumstances evolve.



The second bill of note would make the charitable deduction available to all taxpayers, even those taking the [standard deduction](#). We feel this bill will continue to gain traction, given the historically positive support on Capitol Hill for charitable giving.

The passing of this bill would also simplify a planning issue we have experienced with many Towerpoint Wealth clients, as presently, the current standard deduction hurdle is making our clients less likely to receive a tax deduction for their charitable contributions at their current annual gifting level.

We have recommended planning strategies to our clients to circumvent this. One solution is to front-load a [donor-advised fund \(DAF\)](#) with at least the minimum amount necessary to push their itemized deductions above their standard deduction. While this is a one-time solution, our clients have responded positively to utilizing DAFs, and also like that they both are easy to use and ease the

logistical burden of donating appreciated securities instead of cash. We are also evaluating the increased merits of [Qualified Charitable Distributions](#) with the ability to avoid the standard deduction hurdle altogether.

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.



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