

The American Horse Council to Roll Out Tax Handbook 2019!

The American Horse Council (AHC) is pleased to offer the 2019 edition of the AHC Tax Handbook, informing members of the horse industry about major changes brought about by landmark tax reform legislation, the Tax Cuts and Jobs Act (“TCJA”) of 2017. This statute rewrites key provisions of the U.S. Internal Revenue Code (“Code”) impacting American businesses and individuals, including members of the equine sector and horse owners. Because of the scope of the changes made to the code – the most significant tax overhaul since 1986 – AHC believes that the new tax handbook – an electronic volume available for distribution on December 2, 2019 - will serve as an important tool to help you navigate the new law. To pre-order a copy of the 45-page volume – on sale for \$95 plus shipping – go to <https://www.horsecouncil.org/resources/horsecouncil-publications/>

The AHC Tax Handbook outlines major business issues, such as reduced corporate tax rates, the new deduction for “pass-through” entities tailor-made for small business – which is the most common-place entity within the horse industry - and modified “expensing” provisions. It also addresses individual tax issues, such as the new individual income tax rates, limitations on state and local tax deductions, and changes to the estate and gift tax.

Although the 2019 edition focuses on important changes to the code, it also addresses threshold legal questions that the new law leaves relatively unchanged and directly impacts horse owners. These include factors that distinguish a “business” from a “hobby,” tax treatment of sales and exchanges, and recordkeeping requirements, among others.

Get your copy of the new Tax Handbook and learn more about the following specific changes to the tax code:

- **21% Corporate Tax Rate** This is a central feature for any horse business filing, or contemplating reclassification, to “C Corporation” status.
- **20% Deduction for Pass-Through Entities** The new law establishes a 20% deduction for qualified business income that business owners receive from certain “pass-through” entities (e.g., partnerships, S Corporations, or sole proprietorships).
- **Depreciation and Expensing** Importantly for the horse industry and the broader agriculture sector, the new tax law includes 100% bonus depreciation through December 31, 2022, for property placed in service after September 27, 2017.
- **Unrelated Business Income Tax (“UBIT”), Fringe Benefits** Unlike previous editions of the Tax Handbook, the current volume addresses certain changes in the law relating to the potential UBIT liability of nonprofit organizations and trade associations.

While the new tax law may cause some AHC members to reconsider their current business classification, many horse enthusiasts have likely already noticed the impact of the TCJA’s changes on their individual filings, beginning with last year’s tax returns.

- **Estate and Gift Tax.** The new tax law ultimately preserves the estate tax, but doubles the exemption amount in the Code. The new law retains the gift tax exclusion at \$15,000 annually.

- ***State and Local Taxes (“SALT”)*** Under the new tax law, the annual deduction allowed for state and local taxes is limited to \$10,000 (\$5,000 if married filing separately). Many AHC members who file returns in high-tax states have undoubtedly already noticed the elimination of this longstanding, formerly unlimited deduction.

The Tax Handbook is designed to provide accurate and authoritative information regarding the subject matter covered. It is provided with the understanding that neither the American Horse Council nor any editors or contributors to the Tax Handbook are providing tax or legal advice. The reader is encouraged to consult independent legal or tax counsel before making any decisions or taking any action concerning the matters in the Tax Handbook. The Tax Handbook cannot be used for the purpose of avoiding any penalties that may be imposed under federal, state, or local tax law

About the [American Horse Council](#)

As the national association representing all segments of the horse industry in Washington, D.C., the American Horse Council works daily to represent equine interests and opportunities. Organized in 1969, the AHC promotes and protects the industry by communicating with Congress, federal agencies, the media and the industry on behalf of all horse related interests each and every day.

The AHC is member supported by individuals and organizations representing virtually every facet of the horse world from owners, breeders, veterinarians, farriers, breed registries and horsemen's associations to horse shows, race tracks, rodeos, commercial suppliers and state horse councils.