5525 Green Bay Road
Kenosha, WI 53144-3737

PPG PARTNERS, L.L.C.
Certified Public Accountants and Consultants

Telephone: 262/657-2060
Fax: 262/657-2080
www.ppgpartners.net

Wisconsin Budget Repeals Personal Property Tax on Machinery

The 2017-2019 Wisconsin state budget, recently signed into law, repealed the personal property tax on machinery. This can have a significant impact on your tax bill. While the Wisconsin Department of Revenue is still creating official guidelines, there are basic steps that you can take to ensure that your office takes advantage of this new tax break.

The repeal exempts all property previously included under Schedule C of the Statement of Personal Property and includes machinery, patterns and tools. "Machinery" is defined as a "structure or assemblage of parts that transmits forces, motion or energy from one part to another in a predetermined way by electrical, mechanical or chemical means." This generally means that if something is plugged in, it is now exempt.

Some offices may have reported their office equipment under a different schedule. However, it is recommended that you examine all items of personal property to see if it fits the definition of "machinery."

Note that by law, assessors have the right to view personal property based on the Statement, so be prepared to justify items previously reported as taxable that are now exempt.

These changes take effect with the Statement of Personal Property due on March 1, 2018. The Wisconsin Department of Revenue will provide further guidelines soon and we will be sure to update you.

Mortality Tables Updated for Defined Benefit Plans

On October 3, 2017, the IRS released new mortality tables to be used for defined benefit pension plan funding and the valuation of lump sum and other accelerated distributions. The new tables go into effect for plan years beginning on or after January 1, 2018.

Most defined benefit plans use mortality tables to determine minimum funding requirements. The tables specify the probability of survival year-by-year for an individual based on age, gender, and other factors. This information, along with other actuarial assumptions, is used to calculate the present value of expected future benefit payments, which then helps determine the minimum funding requirements. The tables are also used to determine the minimum required amount of a lump-sum distribution from the plan.

The new tables reflect that Americans are living longer. From the perspective of defined benefit plans, longer life spans can translate into higher contributions for employers but also perhaps higher lump sums for participants. This also means funding liabilities will likely increase.

The IRS expects to evaluate and update mortality improvement rates in years after 2018 and states that it is likely new rates will be published each year.

Key Tax Deadline Approaching for Ages 70-1/2 and Older

If you have or will have attained age 70-1/2 or older by December 31, you must withdraw a minimum amount from your deductible IRA and retirement accounts. This withdrawal is called a Required Minimum Distributions (RMD), and it is added to your taxable income. The IRS imposes a 50% penalty on the amount you should have withdrawn but didn't.

If you attain age 70-1/2 by December 31, you'll need to withdraw the RMD that applies to you by that date. The IRS allows one exception: in the first year only in which you're subject to the rules, you can delay your RMD until April 1 of the following year. If you take advantage of this delay, however, you'll have two taxable withdrawals in the following year; one for the prior year and one for the current year.

Equifax—What to Do

We're sure you are aware of the Equifax data breach, but you may not know what to do. First, you should find out if you were affected. Visit equifaxsecurity2017.com and enter your last name and the last six digits of your social security number to find out.

If you are among the consumers whose data was hacked, Equifax will ask you to return to equifaxsecurity2017.com to enroll in an identity theft protection product, TrustedID Premier. This program will provide you with free credit monitoring for a year. (The lingering question is whether your data could be used easily by criminals afterward.)

Beyond simply taking Equifax up on its offer of one year of identity theft insurance and free credit monitoring, you can take other steps.

Check your credit reports now. (Unless you have already done so in the past couple of months). You can get one free credit report per year from Equifax, TransUnion, and Experian. To request yours, go to annualcreditreport.com. Scrutinize your credit card and bank account statements for unfamiliar activity, and sign up for email or text alerts offered by your bank or credit card issuer(s), so that notice of anything suspicious can quickly reach you.

Consider changing the password for your main email account. A weak password on that account is a low bar for a cybercrook to hurdle – and once hurdled, that crook could potentially pose as you to change the passwords on your financial accounts.

Regarding bank, investment, and credit card account passwords: avoid the obvious. Too many people use simple passwords based on their pet's name, their last name and year of birth, the high school they attended, etc. Sadly, these same simple facts are often answers to security questions for credit card and bank accounts. Ask your bank or credit card issuer if you can use additional, random words or a PIN for passwords or security question answers. That way, you can avoid logging in using data that is in the public record. You want your password to be long and random, to make it harder for a would-be thief to guess.

You may want to consider paying for additional identity theft protection for years to come. This is one way to try and shield yourself from the unauthorized use of your social security number, driver's license number, email accounts, and credit card numbers.

If someone calls you out of the blue claiming to be from Equifax, do not cooperate with them. Unless Equifax is returning your call, they will not contact you by phone. The same applies if you get a random, unsolicited email or text from "Equifax" – do not comply, or you may inadvertently hand over personal information to a fraudster. Stay vigilant, today and in the future.