



Dear Client:

With the new tax law now in effect for 2018, we wanted to give you a snapshot of what your 2018 federal tax liability might look like based on the information in your 2017 tax return.

There are many changes in the tax law and the following are just a few that affect individuals: Tax rates are reduced, standard deduction increased, exemption allowance no longer allowed, state and local taxes capped at \$10,000, investment expenses and employee business expenses are no longer deductible, child tax credit expanded, and alternative minimum tax exemption allowance increased substantially.

The tax projection worksheet referenced below is not included as this was sent to our clients based on their actual tax return information and is illustrative of our ongoing client communications.

On the attached tax projection worksheet (TPW), the first column shows what was reported on your 2017 tax return. The second column takes the 2017 information and applies the new tax law to that information. If we have made any adjustments to your 2018 information for estimated tax purposes it will be reflected in the 2018 column.

If you do not expect 2018 to be materially different from 2017 this will be a fair representation of your expected tax liability. On line 86 of the TPW the amount of tax you will owe or that is overpaid is shown. Since the tax withholding tables have also changed, you may want to review your paystubs to see if, on an annualized basis, you will have sufficient withholding to cover your tax liability. You can check this by looking at line 79 on the TPW.

Actual results may vary from this projection once the actual 2018 information is entered into your tax return.

If you have any questions regarding the information contained in this report, or would like us to modify the 2018 information, please call Tawnya at (919) 510-9399 and she will put you in touch with one of our tax professionals.

Sincerely,

Dreher Martin CPAs, P.A.

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