



THOUGHT LEADERS

TAX REFORM

Experts sort out what the plan might mean for WNYers



BOTH PHOTOS: JIM COURTEY

Above, Teresa Majors of Dopkins & Co. LLP and Michael Schaffstall of Chiam pou Travis Besaw & Kershner LLP at the “Thought Leaders” event at Hodgson Russ LLP. Below, Richard Wojciechowski of The Bonadio Group says the Tax Cuts and Jobs Act of 2017 will take time to digest.

BY PAUL LANE
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With about a month so far to process the Tax Cuts and Jobs Act of 2017, the consensus seems to be that there will be gains for certain business sectors. Maybe.

Learning who exactly might benefit, and by how much, could take more than a year to figure out – and several thorough readings of the hundreds of pages of legislation.

So agreed six Western New York tax experts who gathered Jan. 18 as part of a Business First “Thought Leaders” discussion at Hodgson Russ LLP’s Buffalo office.

Taking part were Dopkins & Co. LLP partner Teresa Majors, Chiam pou Travis Besaw & Kershner LLP partner Michael Schaffstall, Freed Maxick CPAs director Mark Stebbins, The Bonadio Group partner Richard Wojciechowski and Hodgson Russ partners Brad Birmingham and Leslie Kellogg.

“Other bills have been phased in over time. Here we have the Thanksgiving dinner of tax bills,” Wojciechowski said. “We have to eat it all at once.”

Panelists agreed that the timing of the bill that was signed Dec. 22 by President Donald Trump made it difficult to fully digest on the brink of



with TERESA MAJORS, MICHAEL SCHAFFSTALL
MARK STEBBINS and RICHARD WOJCIECHOWSKI



“It’ll probably take a year or more to figure out exactly what’s going on, but I think it could be positive for this area.”

MICHAEL SCHAFFSTALL, partner, Chiampou Travis Besaw & Kershner LLP



“Innovation is going to be very important for business now.”

MARK STEBBINS, director, Freed Maxick CPAs



“This will encourage more entrepreneurial thinking.”

RICHARD WOJCIECHOWSKI, partner, The Bonadio Group



“It gives (new businesses) a little bit longer period of time to build up their success.”

TERESA MAJORS, partner, Dopkins & Co. LLP



“We’ve lost the ability to sort of back-of-the-napkin calculate the taxes for a small business. It will be frustrating for them.”

BRAD BIRMINGHAM, partner, Hodgson Russ



“The international provisions are better thought out than the domestic ones.”

LESLIE KELLOGG, partner, Hodgson Russ

tax season. But there are some positives, including the 20 percent qualified business income deduction, which allows for a one-fifth deduction of certain income from most business setups and should “encourage more entrepreneurial thinking,” Wojciechowski said.

It might also encourage a more nefarious line of thinking, Kellogg said: “A lot of this, there’s not a lot of logic to it. There are opportunities to manipulate the system.”

Panelists agreed it will take time for needed guidance from the IRS and Congress to come through. That is likely to happen in coming months as issues arise during tax season.

“It’s a bit like an onion: It’s hard to peel back the layers,” Schaffstall said.

One layer that shows a lot of promise is related to international holdings. Several provisions of the legislation prove favorable for international corporations, including a trimming of the corporate tax rate that was among the highest on the planet.

This move, along with others such as the elimination of federal tax on reinvestments in U.S. property, could pave the way for money to flow back stateside, panelists said.

Apple, for example, announced Jan. 17 that it will build a new campus in the United States, create 20,000 U.S. jobs and restructure operations such that an estimated \$350 billion will flow into the domestic economy in the next five years.

Apple took advantage of a provision that allows for a one-time repatriation of a company’s cash held



Mark Stebbins of Freed Maxick CPAs says engineering and architecture firms stand to be among the winners as the Tax Cuts and Jobs Act of 2017 takes effect.

JIM COURTNEY

abroad at a lower tax rate. Panelists said provisions like this could help local businesses, many of which have holdings in neighboring Canada. They might be encouraged to invest more in their U.S. enterprises, while foreign businesses might be more inclined to bring their business stateside.

This influx of cash might flow down to smaller businesses and those with domestic-only operations, which should have more cash on hand for acquisitions and expansions. Would-be buyers can entice sellers who were on the fence with

higher offers, Schaffstall said.

“It may be the perfect storm,” he said.

That storm could include money raining down on the retail and service sectors, Stebbins said. The pent-up demand to spend that has been seen in the business world has also been felt by consumers, who he said may be more likely to spend. A lot of them will have more to spend, both in the form of fewer tax dollars being paid and in increased wages.

Walmart, KeyCorp and M&T Bank are among the corporations that have

► CLOSER LOOK AT THE THOUGHT LEADERS

The Thought Leaders is a yearlong series of discussions with Western New York business leaders and attorneys at Hodgson Russ LLP.

Each month, leaders in diverse industries meet for a roundtable discussion moderated by Business First journalists. Excerpts from the conversation are published after the roundtable.

The next one will feature decision-makers involved in advanced transportation manufacturing.

Discussions are held in the law firm’s Pearl Street offices in Buffalo.

pledged to give raises to at least some workers since the bill’s passage.

As long as the biggest winners from this legislation put the money back into the economy and not into dividends or stock purchases, a lot of people could benefit, Kellogg said.

As the months progress, the true fallout from the legislation will surface. Given the politically charged climate in which it was passed, there may be temptation to repeal part or all of it in subsequent election cycles simply because of who passed and signed it. But, like the Affordable Care Act, panelists said it will be hard for politicians to do away with the act if it works.

“If people do invest and the economy is rolling, it won’t be popular” to repeal, Majors said. “It’s not as easy to reverse the tide as people may realize.”