



THOUGHT LEADERS

TAX REFORM

A year later, experts assess the impact of the new tax code on WNY business



ALL PHOTOS: JOED VIERA

Accountants and their business clients still grapple with changes in the federal tax code. From left, Leslie Kellogg, a partner at Hodgson Russ, joined Richard Wojciechowski, Don Warrant, Michael Schaffstall and Teresa Majors for a discussion on the impact of the Tax Cuts and Jobs Act.

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More than 12 months after federal lawmakers passed the Tax Cuts and Jobs Act, accountants in Western New York are still digesting the most sweeping set of tax code changes in recent history.

It's not easy – especially since they continue to await guidance from the Internal Revenue Service in certain areas of the law – but the onset of this year's tax season means they must start to implement those changes very soon.

Or not. With so many unknowns,

some professionals are advising clients to file for an extension on federal taxes.

“What we're focused on is educating clients and putting them in the best position they can be in for 2018 and the way to do that is to talk about extending tax returns,” said Don Warrant, tax director at Freed Maxick CPAs P.C., a Buffalo-based public accounting firm. “That's what we're trying to manage right now.”

Warrant was part of a group that gathered Jan. 10 for a Business First “Thought Leaders” discussion about tax reform. The event – hosted by Hodgson Russ LLP at the law firm's

headquarters in Buffalo – was attended by Hodgson Russ partner Leslie Kellogg; Teresa Majors, partner at Dopkins & Co. LLP; Michael Schaffstall, partner at Chiampon Travis Besaw & Kershner LLP; and Richard Wojciechowski, partner at The Bonadio Group.

Except Warrant, the same group met a year ago, just weeks after the Dec. 22 passage of the new legislation. Collectively, they agreed that the timing of the bill's passage made it difficult to fully grasp.

A year later, confusion persists. Panelists pointed to Opportunity Zones incentives, taxable versus

nontaxable fringe benefits and medical-related filings.

“There's a lot of gray area in the health care and medical area,” Majors said. “It's in those types of fields that we're going to have to extend returns.”

Without 100 percent clarity, accountants have spent the past year trying to gain as much knowledge as possible as a way to help clients prepare for the future. Wojciechowski said the tax team at Bonadio worked together on education.

“We were on a constant diet of learning new information in order to interpret it,” Wojciechowski said.

with TERESA MAJORS, RICHARD WOJCIECHOWSKI, MICHAEL SCHAFFSTALL and DON WARRANT



“Every year there are (tax law) changes and we have to adjust. But I think the volume of changes and the fact that they hit all once has been unique, at least in my career.”

MICHAEL SCHAFFSTALL,
partner, Chiampou Travis Besaw & Kershner LLP



“Our staff really stepped up and created blogs and educational materials to try to educate the public on what this means and how it applies to their tax situation.”

DON WARRANT,
tax director, Freed Maxick CPAs P.C.



“For every client you have, it’s a different situation. There’s just an awful lot of meat in that tax law.”

TERESA MAJORS,
partner, Dopkins & Co. LLP



“I think I could refer to this last year as a Thanksgiving meal where we had to eat it all at one time.”

RICHARD WOJCIECHOWSKI,
partner, The Bonadio Group

► HODGSON’S TAKE



“If you have high taxes or low taxes, then people can deal with that, but the volatility makes people freeze ... For clients, it’s been unbelievably frustrating. It has made it very difficult for people to decide: ‘Do I go forward? Should I do this?’”

LESLIE KELLOGG,
partner, Hodgson Russ LLP

► CLOSER LOOK AT THOUGHT LEADERS

Thought Leaders is an ongoing 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.

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

“It was crazy the amount of information we had to absorb and translate in order to show how it would apply to our clients.”

Plugging into industry networks and alliances has helped. Many firms in Western New York are members of national and international alliances that offer access to experts around the world and generate new business opportunities.

“We do (group) emails and conference calls,” Schaffstall said of his firm’s affiliation with AGN International, a London-based association of accountants and business advisers. “We did a lot of those calls in March and April and they were very interesting because no one really knew for sure what was going on.”

What will help, Kellogg said: getting through the latest tax season, when most of the changes have to be implemented.



The panel of accounting executives agreed that it could be another year before businesses grasp the full scope of the tax code overhaul. The discussion was part of the Thought Leaders series sponsored by Hodgson Russ.

“There have been so many changes that until we actually make our way successfully through the filing season, we don’t know how it will shake out in the wash,” Kellogg said.

One area that will be worthwhile to watch: how businesses with new-found tax savings intend to spend those dollars. Wojciechowski said one client decided to share half of the tax savings with employees. Schaff-

stall said he’s noticed more mergers-and-acquisitions activity and more interest in buying real estate, but he couldn’t say whether that was a reflection of tax savings or the general sense that the economy is doing well.

Majors said many clients have been “leery” about the idea of saving money because they see it as a one-year deal.

“Some will maybe do a bonus and a couple others are working on developing their products,” Majors said. “That’s something they would do anyway and this makes it more palatable when they have extra money in their pockets. But I’m not seeing anybody go out and building new buildings. They’re not spending the money other than may some of the owners are take a little bit more out.”