

## News

### Pay State and Local Income Taxes by Year End

December 12, 2017

**Cash method taxpayers who reside in Maryland, Virginia or the District of Columbia, or otherwise pay state and local income taxes, should pay their 4<sup>th</sup> Quarter estimated state and local income taxes before the end of 2017.**

Congress is in the process of reconciling the House of Representatives' and the U.S. Senate's versions of a major federal tax bill. We anticipate that the final tax law enacted by Congress will repeal the itemized deduction for state and local income taxes contained in Internal Revenue Code section 164(a)(3). This repeal will probably go into effect on January 1, 2018. Cash method taxpayers may deduct payments of state and local income taxes in the year when payment is made. **Therefore, state and local income taxes paid during 2017 are deductible and such taxes paid in 2018 will probably not be deductible pursuant to this new law.**

Taxes that are paid by check are generally deductible in the year the check is delivered to the taxing authority, and a check is generally presumed to have been delivered on the date of the check. However, that presumption can be rebutted by a delay in cashing the check. This means that mailing a payment by check on the last day of the year creates ambiguity. **Linowes and Blocher recommends all income tax payments by check be mailed to state and local taxing authorities no later than December 29, 2017 if possible.**

If you have any questions or wish to discuss the above in greater detail, please contact Christopher Scott at 301-961-5135 or at [cscott@linowes-law.com](mailto:cscott@linowes-law.com).