



2018 TAX UPDATE

Happy New Year 2019!

Another year us upon us and this time we have some major changes to report to you due to the Tax Cuts and Jobs Act that was passed last December for the tax years beginning after December 31, 2017.

Below are some of the major changes that could affect your tax filing-
some good 😊 some not so good. 😞

- **Standard Deductions** for every filing status were nearly doubled. For single or married separate filers, the deduction is \$12,000; Head of Household is now \$18,000; Married Filing Jointly is \$24,000. 😊
- **Personal Exemptions** for each dependent were eliminated. 😞
- **Individual Tax Rates** and Brackets were lowered by 1-4%. See chart below: 😊 😊

| Single | | Married Filing Jointly | | Head of Household | | Married Filing Separately | |
|---------------------|-----|------------------------|-----|---------------------|-----|---------------------------|-----|
| \$0-\$9,525 | 10% | \$0-\$19,050 | 10% | \$0-\$13,600 | 10% | \$0-\$9,525 | 10% |
| \$9,526-\$38,700 | 12% | \$19,051-\$77,400 | 12% | \$13,601-\$51,800 | 12% | \$9,526-\$38,700 | 12% |
| \$38,701-\$82,500 | 22% | \$77,401-\$165,000 | 22% | \$51,801-\$82,500 | 22% | \$38,701-\$82,500 | 22% |
| \$82,501-\$157,500 | 24% | \$165,001-\$315,000 | 24% | \$82,501-\$157,500 | 24% | \$82,501-\$157,500 | 24% |
| \$157,501-\$200,000 | 32% | \$315,001-\$400,000 | 32% | \$157,501-\$200,000 | 32% | \$157,501-\$200,000 | 32% |
| \$200,001-\$500,000 | 35% | \$400,001-\$600,000 | 35% | \$200,001-\$500,000 | 35% | \$200,001-\$300,000 | 35% |
| \$500,001 and over | 37% | \$600,001 and over | 37% | \$500,001 and over | 37% | \$300,001 and over | 37% |

- **The itemized tax deduction** for **combined** state income tax and property taxes (S.A.L.T.) is now limited to \$10,000 for married filers; \$5,000 for single or married separate filers. 😞 😞
- **Qualified Pass-Through** business income is eligible for up to a **20% deduction** of taxable income. This includes most Sole Proprietors, Partnerships and S-Corporations. 😊
- A **flat tax** amount of 21% for C-Corporations replaces the numerous brackets from the past. 😊
- Deductible **new mortgage limitation** now reduced to \$750,000 from \$1,000,000. Existing mortgages will be grandfathered in at the \$1,000,000 limit.
- **Home Equity Loan Interest (LOC) deduction** eliminated except for acquisition or construction debt. 😞
- **Individual Alternative Minimum tax (AMT)** exemption increased thus phasing out many taxpayers that have paid this tax in the past. 😊
- **Moving Expense** deduction eliminated 😞
- **Child Credits** double from \$1,000 per child to \$2,000 and the qualifying age raised from 17 to 18. 😊
- New **alimony** agreements entered after December 31, 2018 are no longer deductible to the payer or considered income to the recipient. Old agreements remain unaffected.
- New **\$500 Other Dependent** deduction created. 😊
- **Casualty losses** no longer deductible unless the disaster is one that is formally declared by the President.
- **Depreciation Expense** deductions for businesses are more aggressive and allow for a quicker return on capital investment - \$1M SEC179 deduction and Special Bonus Depreciation is increased to 100%. 😊
- **Long-Term Capital Gain tax** now follow a 0-15-20% income bracket model with most falling into a zero or 15% bracket. 😊

TAX SEASON ROUTINE AND SCHEDULE

E-file Authorization Form 8879 and Tax Preparation Fee – as we continue to strive to stay in compliance as paid tax preparers, **we must receive the signed E-File Authorization Form (Form 8879) and payment of our fee before** transmitting your tax return. This change of our process is as a result of scrutiny by the Internal Revenue Service on tax practitioners to remain in compliance with laws and regulations.

Appointments – In the first week of the year, we will begin sending out appointment cards for those of you that we meet face-to-face each year. Please make a note of the date on the card and mail back the confirmation. ****NEW**** for this year reminders will be made via text service to your cell phone. Those with no cell phone on file will receive traditional reminder calls.



TEXT REMINDER
SERVICE

Drop offs and mail-ins – We will accept tax documents until **Friday March 15, 2019** to ensure timely filing by April 15, 2019. Tax information submitted **after** that time **will go on an extension**. Payment can be made by phone or in person and the E-File Authorization Form can be signed and returned via email.

Extensions are NOT automatic or free. If you need to file an extension, we can do that upon request and payment of **\$50**. We will file a federal and any state extensions for you for this additional fee. Please remember you **MUST** call to ask for an extension and payment must be made at that time.

Portal - As an additional resource for you, we continue to offer a Client Portal for everyone to utilize and electronically upload their tax documents securely. The same **March 15th** deadline will apply here as well. If you need an account, please contact the office to request one.

Fees – Every year we try to keep your fee fair and consistent while providing the best service possible. This year is no exception and we will continue to strive to give you superior and responsive service. The fee that we charge you will be solely for the preparation of the tax return, not for any other additional work that is requested.

If you have any questions, please feel free to call the office and we will be happy to answer them. As always, we thank you for your business and wish you a prosperous new year.



Pete Badas

Pam Spitzer

Stacey Zerrenner