

**Reminder: Tax return due dates /
extended due dates**

1040 (Individual):	April 15 th / Oct 15
1120 (Corporation):	April 15 th / Sept 15
1120S (S Corp):	March 15 th / Sept 15
1065 (Ptrship):	March 15 th / Sept 15
FINCEN Form 114:	April 15 th / Oct 15

NO CHANGES FOR VIRGINIA

Additional Tax Tips to Consider

- o Subject to 3.8% Investment Tax? Consider gifting investment items to your children. Be sure to file your gift tax return.
- o Be sure to take your RMD by 4/1/18 if turning 70 ½ in 2017 (see strategy to give to charities)
- o Lower AGI to keep itemized deductions, personal exemptions, and credits from being limited. Lower income and bunch deductions.
- o Give a gift over \$14K? Be sure to file your gift tax return
- o \$250 Teacher deduction now includes cont. educ. \$\$'s
- o Give appreciated stock as a charitable contribution
- o No education credits or deductions allowed w/o 1098-T
- o No charitable contribution deduction without official receipt if >\$250. <\$250 requires cancelled check, credit card receipt, or official receipt if cash is given
- o Due date for W-2's & 1099's now Jan 31st - including copies to SSA, VA & efile

All info in this newsletter is subject to change!



**Call Sarah for
QuickBooks sales,
training and support --
- easy and affordable.
ProAdvisor since 1996!**

Sarah, Robby, Eric & Amy Wish For You
And Your Family A Joyful Holiday
Season. There Is No More Appropriate
Time To Say "Thank You!" We Encourage
You To Be Especially Mindful of God's
Blessings During This Special Season.

Happy Holidays!

*Adams & Co., P.C.
P.O. Box 880
Lebanon, VA 24266*

DOLLARS & SENSE

2017



Adams & Co., P.C.

Certified Public Accountants

Sarah A. Adams, CPA
E. Robert Adams, Jr., CPA
226 W. Main Street
Lebanon, VA 24266
276-889-4950
Fax: 276-889-4449
www.adamscpas.com

Tax Law Changes ???

It looks like there may be some changes next year. Whether the new tax bill passes or not, there are a few things that you could do this year given that certain changes are likely.

\$ Delay sending out invoices and push income into 2018, when tax rates are likely to be lower

\$ Pay 2017 (pre-pay 2018) expenses before Dec 31st to take advantage of the higher tax rates (bigger bang for your buck)

\$ Pre-pay your 2018 property taxes by Dec 31st if AMT is not an issue (can't prepay '18 state income tax)

\$ Purchase needed equipment/vehicles and take Section 179 and/or bonus depreciation under current tax rates (again, bigger bang for your buck)

\$ Pay your 4th quarter state income tax before Dec 31 just in case that deduction is repealed

\$ The medical deduction appears to be staying but it is always best to try to bunch medical deductions in one year in order to exceed thresholds.

\$ The 2% floor misc itemized deductions may go away in '18, so pre-pay as many as possible in '17.

\$ Pay off your home equity loan as that interest may not be deductible in '18

Vehicles "Keep Your Log"	2018	2017
Business	54.5¢	53.5¢
Charity	14¢	14¢
Medical/Moving	18¢	17¢
Depr Rate	25¢	25¢

NEW RATES	2018	2017
Cars - depreciation limit	\$3,160/\$9,560	\$3,160/\$11,160
Trucks - (except w/ 6' beds)	\$3,560/\$9,960	\$3,560/\$11,560
Kiddie Tax (child's unearned income)	\$2,100	\$2,100
IRA Contribution ***	\$5,500	\$5,500
Traditional Roth IRA ***	\$5,500	\$5,500
Simple Plan Cont ***	\$12,500	\$12,500
401(k) Contribution ***	\$18,500	\$18,000
SEP-IRA	\$55,000	\$54,000
403(b) salary deferral**	\$18,500	\$18,000
Min Essential Cov. Penalty	\$695 x ?	\$695 x ?
Health Flexile Spending Acct	\$2,650	\$2,600
HSA contribution	\$3450/\$6900	\$3400/\$6750
Annual Gift Limitation *	\$15,000	\$14,000
Section 179 limits**	\$520,000	510,000
Section 179 for SUV's	\$25,000	\$25,000
Domestic Prod Deduction	9%	9%
FICA Wage limit	\$128,700	\$127,200
Estate Exclusion limits	\$5,600,000	\$5,490,000
Capital Gain Rates	0%/15%/20%	0%/15%/20%

*plus can pay someone's tuition or medical bills
**May be limited by income & employer contributions
***Plus catch-up contributions if >=50 (\$1K IRA; \$3K Simple \$6K 401(k))
HSA catch-up if >=55 \$1K (2018 amts are subject to change under proposed tax law)



Government Websites:
<http://www.irs.gov>
<http://www.tax.virginia.gov>

SSA Benefits Questions (800) 772-1213

Limits and Phase-out's... generally these tax deductions/credits are phased out as AGI (or modified AGI) exceeds....

	2018	2017
Lifetime Learning Credit	\$114,000	\$112,000
AMT exemption (MFJ)	\$164,100	\$160,900
Item. Ded. AGI limit (MFJ)	\$320,000	\$313,800
Personal Exemption	\$320,000	\$313,800
Trad IRA (MFJ) - covered	\$101,000	\$99,000
Trad IRA (MFJ) - non covered	\$189,000	\$186,000
Roth IRA (MFJ)	\$189,000	\$186,000

Keep AGI low thru IRA deductions, HSA deductions, tuition deduction (rather than the educ credit), set up an SEP for your small business, SE Health Ins deduction, etc. or try to defer income to the next year in order to stay below AGI limits.

1040-ES Safe Harbor: If your AGI is over \$150K then the safe harbor is the smaller of 110% of prior year's tax or 90% of 2017 taxes. If AGI is \$150K or less, then the safe harbor is 100% of prior year's tax. If you make these in 4 qly payments by the 1040-ES deadline, you should avoid any estimated tax penalties. Virginia requires 100% of the prior year or 90% of the current year. Avoid penalties, they are just another form of tax!

PENALTY NOTICE

1099 PENALTIES - LATE FILING

Are you filing 1099's for contractors, service providers, lessors, attorneys and others. Many do not file 1099s, sometimes because they do not understand the requirements.. **Beware of huge penalties you could be facing.**

	Recipient Copy	IRS Copy
30 days late	\$50	\$50
By Aug 1 st	\$100	\$100
After Aug 1 st	\$260	\$260
Intentional failure	\$530	\$530

Let us help! Gather info now!

Security, Identity Theft, Phishing, Scams

The IRS and the State of Virginia warns taxpayers to be wary and vigilant. Emails with links can download viruses that can swipe your info, phone calls impersonating tax officials might request your personal info, and websites with advertising links can drop Trojans, bots and spyware to your computer. If you suspect you have been affected, contact us for information on steps to take to protect yourself.

Standard Deduction

	2018	2017
HOH	?	\$9,350
MFJ	?	\$12,700
MFS	?	\$6,350
Single	?	\$6,350
Pers Exemption	?	\$4,050

RMD &

Charity

Want to make a charitable contribution but receive no tax benefit because you can't itemize? Consider having your IRA administrator transfer money directly to the charity, satisfying your RMD requirement (can do all or part), and reducing your taxable income and AGI. Reductions in AGI could reduce the amount your social security is taxed, reduce the 3.9% net investment tax, reduce your capital gains tax, reduce Medicare part B&D premiums (based on your AGI), etc.

Get a significant impact by following this one simple procedure!