

DUE

Tax return due dates / extended due dates

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

NO CHANGES FOR VIRGINIA

More Tips!

1. Subject to 3.8% Investment Tax? Consider gifting investment items to your children.
2. Be sure to take your RMD by 4/1/19 if turning 70 ½ in 2018
3. Give a gift over \$15K? Be sure to file your gift tax return
4. \$250 Teacher deduction now includes professional development \$\$'s
5. Give appreciated stock as a charitable contribution
6. No education credits or deductions allowed w/o 1098-T
7. No charitable contribution deduction without official receipt if >\$250. <\$250 requires cancelled check, credit card receipt, or official receipt if cash is given. >\$5000 requires appraisal
8. Due date for W-2's & 1099's now Jan 31st - including copies to SSA, VA & efile
9. New QBI deduction for businesses - call for more info

All info in this newsletter is subject to change! Call for updates or questions.

Alert... As a result of TCJA (new tax laws), it is highly advised that you obtain (or submit) new W-4's for 2019.



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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!

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DOLLARS & SENSE

2018



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2018 will see many changes for taxpayers, both individual and businesses. Unfortunately the new tax laws were not a simplification of the tax code. Some will see positive impacts and some will see negative. Additionally state impacts are still unknown as legislators will be working thru changes in January and February and possibly later. Check out the October Virginia Business issue where I discuss how Virginia should adopt full conformity...
<http://www.virginiabusiness.com/opinion/article/general-assembly-adopt-full-conformity>

Some tax law changes for families (MFJ)



- \$0 for personal exemptions
- Standard deduction is \$24,000
- AMT for individuals still applies
- ACA penalties still apply for 2018

- Child tax credit is \$2,000, \$1400 refundable
- Family member tax credit is \$500
- Child tax credit phase-out is \$400K (MFJ)
- Kiddie tax now using trust rates
- Alimony may not be taxable (or deductible) depending on date of divorce decree
- 529 plan distributions allowed for elementary and secondary tuition

Some tax law changes affecting itemized deductions (MFJ):

- Must exceed \$24,000
- No phase-out based on income
- \$10,000 limit on state, local & property taxes
- Equity loan interest unrelated to home purchase or improvements is no longer deductible
- \$750K maximum qualifying debt for deductible mortgage interest (some debt is grandfathered in)
- Charitable donations now limited to 60% of AGI
 - Casualty losses allowed only for federally declared disaster losses
 - Misc itemized deductions are not allowed (unreimbursed employee exp, tax prep fees, investment expenses. etc)



NEW RATES	2019	2018
Cars - depreciation limit	\$10,000/\$18,000	\$10,000/\$18,000
Trucks - (except w/ 6' beds)	\$3,560/\$11,560	\$3,560/\$9,960
Kiddie Tax (child's unearned income)	complicated	complicated
IRA Contribution ***	\$6,000	\$5,500
Traditional Roth IRA ***	\$6,000	\$5,500
Simple Plan Cont ***	\$13,000	\$12,500
401(k) Contribution ***	\$19,000	\$18,500
SEP-IRA	\$56,000	\$55,000
403(b) salary deferral**	\$19,000	\$18,500
Min Essential Cov. Penalty	N/A	\$695
Health Flex Spending Acct	\$2700	\$2,650
HSA contribution	\$3500/\$7000	\$3450/\$6900
Annual Gift Limitation *	\$15,000	\$15,000
Section 179 limits**	\$1,020,000	\$1,000,000
Section 179 for Veh>6000lbs	\$1,020,000	\$1,000,000
Max EIC	\$6,557	\$6,431
FICA Wage limit	\$132,900	\$128,700
Income w/o reduction of SS	\$17,640	\$17,040
Estate Exclusion limits	\$11,400,000	\$11,180,000
Capital Gain Rates	0%/15%/20%	0%/15%/20%
QBI Deduction	complicated	complicated

*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)

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. AGI can affect taxability of social security benefits, education credits, deductibility of charitable contributions and medical deductions, IRA contributions, child tax credit, earned income credit, 3.8% investment tax, capital gains tax, future Medicare premiums and others.

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

	2019	2018
Lifetime Learning Credit	\$116,000	\$114,000
American Opp Credit	TBD	\$160,000
AMT exemption (MFJ)	\$111,700	\$164,100
Item. Ded. AGI limit (MFJ)	\$0	\$0
Personal Exemption	\$0	\$0
Trad IRA (MFJ) - covered	\$103,000	\$101,000
Trad IRA (MFJ) - non covered	\$193,000	\$189,000
Roth IRA (MFJ)	\$193,000	\$189,000
Child Tax Credit	\$400,000	\$400,000

AVOID PENALTIES - pay and file on time

STANDARD DEDUCTION & EXEMPTIONS		
	2019	2018
HOH	\$18,350	\$18,000
MFJ	\$24,400	\$24,000
MFS	\$12,200	\$12,000
SINGLE	\$12,200	\$12,000
ADDITIONAL (aged/blind)	\$1,300	\$1,300
PERS EXEMPTION	\$0	\$0

Over 70% and Charitable?

Want to make a charitable contribution but receive no tax benefit because you can't itemize? Have 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. (See previous section on keeping AGI low and benefits.) **Get a significant impact by following this one simple strategy!**



1099 PENALTIES - LATE FILING

Are you filing 1099's for contractors, service providers, rents, 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!

Take Security Seriously

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. The IRS and states are taking identity theft seriously and are delaying processes to double check returns and refunds, in an effort to keep you safe. If you suspect you have been affected, contact us for information on steps to take to protect yourself.

Vehicles "Keep your log"	2019	2018
Business	TBD	54.5¢
Charity	TBD	14¢
Medical/Moving	TBD	18¢
Depr Rate	TBD	25¢



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