

URGENT NOTICE AND REMINDER PERTAINING 2018'S TAX RETURN

12/21/2018

THE SCHEDULE A HAS UNDERGONE CHANGES THAT MAY AFFECT YOUR 2018 FILING.

CAFe's records show that you used the Schedule A for your 2017 tax return and that you may be affected by tax law changes that become effective on the 2018 tax return.

In lieu of using the standard deduction, taxpayers could opt to itemize their deductions using a federal schedule A. These deductions included mortgage interest, medical expenses, state taxes paid and/or state withholding, and charitable contributions, etc.

Itemized deductions in the past also contained a section labeled - **Job Expenses and Certain Miscellaneous Deductions**. In this section, taxpayers could deduct employee work-related expenses (job travel, work uniforms, etc.), union dues, job education expenses, tax prep fees, investment fees, safe deposit box, etc.

The 2017 Tax Cuts and Jobs Act (TCJA) revised the revenue code resulting in the elimination of all of the deductions found in this section of the Schedule A.

Therefore, gone are deductions related to tax preparation expenses, hobby expenses against reportable hobby income, investment fee

expenses for money management, union dues and other miscellaneous deductions and the 2018 form Schedule A has been revised.

THE MAJOR CHANGE?

Unreimbursed employee work-related expenses (Form 2106) is now obsolete under the new law. Such expenses relating to employee work included: **business mileage**, work uniform expense hotel stays and other travel expenses.

HOW ARE YOU POSSIBLY AFFECTED?

If you had excessive business-related travel expenses or investment expenses which allowed you to itemize last year, your taxes may be higher when you file your 2018 tax return starting January 2019.

Standard Deduction Table		
Status	2017	2018
Single/MF Sep	\$6,350	\$12,000
MF Joint	\$12,700	\$24,000
HHold	\$9,300	\$18,000

Although the standard deduction has been increased

for 2018 returns, that increase is limited because the tax reform

The image shows a portion of the Schedule A (Form 1040) 2017. A prominent red stamp is overlaid on the form, reading "Schedule A Section Gone for 2018 - 2025". The visible lines include:

- 21 Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required.
- 22 Tax preparation fees
- 23 Other expenses—investment, safe deposit box, etc. List type and amount
- 24 Add lines 21 through 23
- 25 Enter amount from Form 1040, line 38
- 26 Multiply line 25 by 2% (0.02)
- 27 Subtract line 26 from line 24. If line 26 is more than line 24, enter -0-
- 28 Other— from list in instructions. List type and amount
- 29 Is Form 1040, line 38, over \$156,900?
 - No. Your deduction is not limited. Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40.
 - Yes. Your deduction may be limited. See the Itemized Deductions Worksheet in the instructions to figure the amount to enter.
- 30 If you elect to itemize deductions even though they are less than your standard deduction, check here

act also “got rid of” the personal exemption amount(s) claimed in the past (last year \$4,050 per individual on the return).

There are a number of moving target as we prepare to file 2018 taxes, such as a lower tax rate schedule; however, if you feel you may have a substantially smaller refund or larger balance due, please consider filing earlier this tax season and we can implement corrective actions to help the 2019 taxes.

Tax law changes often means “confusion” during the transitional year; however, CAFe is ready to assist as needed.

See you this coming tax season!