

## 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 workrelated 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.

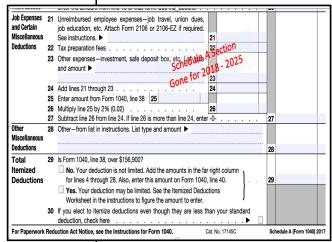
## How are you possibly Affected?

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/MFSep             | \$6,350  | \$12,000 |
| MFJoint                  | \$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



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!

