



News and Tax Tidbits

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It's hard to believe another year has come and gone. The years are flying by faster than seems possible. They say that happens as you get older, but that is whole another subject ☺ But, I digress — Happy New Year! I hope that you are well and enjoying life. I look forward to seeing you again this year.

In the off-season, I have spent a lot of time studying Tax Reform (Tax Cuts and Jobs Act). I have been watching with bated breath as the IRS has unfolded and still are unfolding how to interpret the new tax law and how it will affect your taxes. A misconception of many is that tax reform simplified the tax code. That is not accurate. Tax Cuts and Jobs Act did double the standard deduction which in turn it may eliminate the need to itemize for many or even having to file altogether, That in itself can help a lot of people. But simplification...ummm.no!

Tax Reform has impacted, the **1040 form** itself. The 1040 has now changed to a “postcard-size” tax form and it has moved the rest of the line items to the 6 accompanying schedules. Sounds like it has simplified, right? When we discuss the results of your tax return this year, be prepared to go through a few more forms.

One last thing, filing season may be delayed this season due to the partial government shut down and the implementation of the TCJA. That should not stop you from coming in and getting your tax return completed. I will just hold the returns until they open the e-filing.

Robin

Something New at Family Tax Solutions

- **Secure Portal:** Send me your tax documents and questionnaire electronically through a secure website.
- **Scheduling link:** Want to schedule an appointment? You can now schedule an [appointment](#) right from the website as well.

You can find both of these resources on the Client Resources page.

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*Tax Cuts and Jobs Act
2018 Tax Law Summary*



- ⇒ **Tax Rates:** New Tax Tables will be in effect. Including a -new 12% tax rate.
- ⇒ **Standard Deduction:** Standard Deduction is doubled.
S- \$12,000: HH-\$18,000 MFJ-\$24,000
- ⇒ **Charitable Contributions:** Increased to 60% limitation of AGI instead of 50%
- ⇒ **State and Local Taxes deduction:** Capped at \$10,000 (\$5,000 for married filing separate).
- ⇒ **Itemized Deductions Limitations:** Removes limitations for all high wage earners.
- ⇒ **Personal Exemptions:** Eliminated all personal exemptions.
- ⇒ **Child Tax Credit:** Increased the credit to \$2,000 from \$1,000. Allowing up to \$1,400 to be refundable (an increase of \$400). A new non-refundable \$500 credit for qualifying dependents who are not qualifying children. Idaho too has a new Child Tax Credit of \$205.
- ⇒ **Miscellaneous Deductions subject to 2%:** Has been eliminated. No longer will you be able to deduct employee related expenses, tax preparation, investment expenses, etc.
- ⇒ **Moving Expenses:** Moving expense adjustment is repealed along with the availability for employers to exclude reimbursed moving expenses from income except for military.
- ⇒ **Home Equity Loan Interest:** No longer allowed as a deduction.
- ⇒ **Qualified Business Income Deduction:** Gives the owners of passthrough businesses like sole proprietors, partnership, S corporations, a deduction equal to 20% of business income with several restrictions.
- ⇒ **Estate Limits:** Estate and Gift Tax exemption is 5.6 million per individual. Annual gift exclusion is \$15,000 for 2018.

Remember these Tax Laws sunset in 2025

Some things to remember.....

- **Shared Responsibility Payment** continues for 2018. The penalty remains at \$695 per adult or 2.5% of income with a family maximum of \$2,085.
- **Education Expenses** A reminder to bring in the 1098-T if you are claiming education expenses as well as a detail of what was "paid" in 2018.
- **Deduction for Medical Expenses** Medical expenses remain at 7.5% for tax years 2018. In 2019, it will once again rise to 10% above AGI.
- **Tuition and Fees Deduction and Residential Energy Credits:** Neither of these have been extended at this point, but are expected to be extended in a tax package. .