

O'Neil & Steiner, PLLC
Specific Additional Guidance for Tax Year 2019

1. ARIZONA TAX CREDITS: Many valued clients have taken advantage of the opportunity to support schools and/or charities through tax credit contributions that can reduce income tax on a dollar-for-dollar basis. In other words, these programs allow you to self-direct your tax dollars to organizations you choose to support, instead of state politicians doing it for you. Donations can be made anytime through April 15th of the this year in order to be claimed as credits on your prior year/current return. Please visit our website and choose the "[AZ Tax Credits](#)" tab to find more information as well as links to the most common local recipients.

2. COMPLETE YOUR SUBMISSION PAPERWORK EARLY (Engagement Letter & Election Form): We encourage all clients to download the required *Engagement Letter* from our website at <https://www.oneilsteiner.com/tax-documents.html>. The *Engagement Letter* is located on the Tax Documents tab and should appear as a red button. Please choose the version that matches your marital status as of the tax year being filed. The third page of the *Engagement Letter* is the new streamlined Standard Election Form. The included statements/preferences are based on the most common answers to prior year forms across our client base. Please do not feel compelled to accept these elections, but rather review them and only initial the bottom if they accurately reflect your information and preferences.

If one or more of the Standard Elections Form statements does not accurately reflect your information or preferences please download the Non-Standard Elections Form available separately, make a selection in each section and initial where indicated.

Please remember, if you are married, both spouses must sign/initial where indicated. If you are not able to print the letter, we would be happy to provide copies at our front desk, via email, or fax. The *Engagement Letter* and a version of the Election Form must be received before we can begin preparation services.

3. HEALTHCARE COVERAGE REQUIREMENT: The Affordable Care Act has not been repealed, but the penalty for not maintaining qualified minimum essential healthcare insurance has been reduced to \$0. Some have said this means taxpayers aren't required to maintain insurance, which is roughly equivalent. However, taxpayers who received subsidies during the year are still required to calculate their Premium Tax Credit (PTC). If the subsidy was in excess of the APTC the excess will be added to federal tax liability. If the APTC exceeds your subsidy the difference will be subtracted from federal tax liability. It is very important to submit Forms 1095-A if you, or any member of your household, was covered by a healthcare.gov marketplace policy during the year.

4. RETIREMENT SAVINGS CHANGES UNDER THE SECURE ACT: The Secure Act increased the ability for taxpayers to save for retirement and reduce tax liability generated from distributions in multiple ways as follows:

- a) Required Minimum Distributions (RMDs) aren't required until age 72 (formerly 70 ½)
- b) There are no age restrictions on contributing to Individual Retirement Accounts (IRAs) as long as you have earned income.
- c) New parents are able to withdraw up on \$5k each, penalty free, within a year of birth/adoption.
- d) Statement changes are coming. Administrators must provide annual "lifetime income disclosure statements". These estimate the monthly payout if retirement savings were converted to annuity plans.

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5. ARIZONA INCOME TAX CHANGES FOR 2019: Arizona has made changes to the 2019 tax code to reflect changes adopted in 2018 for federal income tax purposes. These include the increased standard deduction, replacing personal and dependent exemptions with child tax credits, adjusted tax brackets, etc. In addition, Arizona has instituted a new adjustment allowing recipients of benefits, annuities and pensions as retired/retainer pay of the uniformed services of the United States up to \$3,500 per qualifying taxpayer. Arizona will also allow certain taxpayers to increase their standard deduction by an amount equal to 25% of their charitable deduction that would have been allowed if they chose to itemize instead of claiming the standard deduction. While other adjustments were made, we believe these changes are the most likely to impact higher numbers of our clients. Our hope is that everyone benefits from these changes.