



Member - Texas Society of Certified Public Accountants

December 20, 2019

Dear Clients and Friends,

This year we celebrated our 9th year in Kilgore and our 2nd in Longview. My schedule for the 2020 tax season will be the same as last year. Mondays, Wednesdays and Fridays, I will be in the Kilgore office and on Tuesday's and Thursday's, I will be in the Longview office. On Saturdays, I will be in Kilgore (starting in February through April 15) and can meet with anyone who is unable to meet on a week day. Of course, if you do not need to meet with me, your always welcome to drop off your information at either office without an appointment. You can also book appointments in Kilgore with my Tax supervisor, Larissa Stokley or Renee Borden who is also an experienced tax preparer\accountant. Larissa is working on her CPA certificate and has passed one of the four parts required. We are very proud of her as she continues to advance toward this goal.

Our tax software is in place and the IRS is scheduled to open their E-File system the latter half of January, but we don't have a hard date yet.

Just like last year, here are the items we will need:

1. Copies of your driver's licenses (if married we need both spouses). If they have not expired, since we saw you last year, then we do not need them again.
2. If you have minor children at home or children in college, we need proof of residency. This can be a notice from the school, a doctor's bill or a letter from your church or other organization. Whatever proof you provide, must have your child's name and your address on it.
3. If you have a new child, congratulations! Also, we will need a copy of their social security card for our file. If we don't have copies of your other children's social security cards, we may request those for our files as well.
4. Proof of health insurance??? There is no longer a penalty for not having health insurance coverage for 2019. In short that means we do not need proof of health insurance unless:
You purchased health insurance through the Marketplace. Then, we must have your **form 1095-A**. Otherwise your return will be rejected, and we will have to re-do it once you provide us with the form.
5. Copies of all W-2's, 1099's and 1098 forms. We cannot accept written amounts; we must enter data off of these forms.
6. If the IRS has issued you or your spouse an Identity Theft Pin number, we will have to have that, or the IRS will reject your return.
7. **If you moved, please notify us of the address change.**
8. **If you expect a refund and your bank account has changed, we will need your new banking information.**

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- If you would like an organizer, please give us a call and let us know. If we prepared an organizer for you last year, we will automatically mail one to you.

Signatures for E-Filing authorization. The IRS is not allowing one spouse to sign for the other unless that spouse provides a written power of attorney signed by the other spouse. If only one spouse is coming to pick up your tax return, we must have the sign off back before we can e-file and it must be signed by both spouses. If you need an IRS power of attorney form, so spouses can authorize one another to sign for them, please let us know when you come to drop your tax information off and we will gladly provide those to you. That will speed up the process if only one of you comes back to pick up the completed return.

The bulk of the new tax law went into effect January 1, 2018 and effects most everyone in some way. Tax rates were lowered.

- Beginning in 2018, the final compromise bill provides for seven new tax brackets for individuals: 10%, 12%, 22%, 24%, 32%, 35%, and 37% the income ranges for each bracket changed as well.

- The standard deduction increased for inflation.

Filing Status	2019
Single	\$12,200
Head of Household	\$18,350
Married Filing Joint	\$24,400
Married Filing Separate	\$12,200

- For a taxpayer or spouse who is age 65 or over or blind, the following additional standard deduction will apply for 2018:

Filing Status	Amount
Unmarried Taxpayer	An additional amount of \$1,650; \$3,300 for taxpayer who was both over 65 and blind.
Married Taxpayer	An additional amount of \$1,300; \$2,600 for each spouse that are both over 65 and blind.

- For 2018-2025 the personal exemption is eliminated.

- Business Mileage rates are:

2019	2020
\$0.58/mile	\$0.575/mile

6. Depreciation for Business Assets

The Act increases bonus depreciation for qualified property from 50% to 100% bonus depreciation and cancels the phasedown of bonus depreciation that was to begin in 2018 with a reduction to 40%. Qualified property is changed to include used property as well.

The increase to bonus depreciation to 100% pertains to qualified property with a useful life of 20 years or less. The applicable percentages are subject to a revised phasedown schedule that is shown below:

- 100% for property placed in service after September 27, 2017 and before January 1, 2023;
- 80% for property placed in service during calendar year 2023;
- 60% for property placed in service during calendar year 2024;
- 40% for property placed in service during calendar year 2025;
- 20% for property placed in service during calendar year 2026.

7. Section 179 Depreciation Rules

The maximum annual deduction allowed for qualified property has increased to \$1,000,000 in 2018 and forward. Phase out of the deduction starts at \$5,000,000 in fixed asset additions in 2018 and forward.

8. Estate Taxes

For taxpayers dying in 2018 through 2026, Form 706 must be filed by the executor for the estate of every US citizen or resident whose gross estate and adjusted taxable gifts and specific exemption are more than \$11,180,000 (indexed for inflation each year going forward).

9. The maximum (per person) annual gift you can give, without having to file a gift tax return is \$15,000 for 2019.

These are some highlights that I thought would be of interest to you. There are many more changes and we can discuss any questions you have when you come in. We are looking forward to serving you this year. If you need an extension, please give us a call and let us know. If we don't hear from you by the deadline, we will do our best to file an extension as a courtesy. If you expect to owe, then we advise you to send the estimated amount with your extension to avoid additional penalties and interest. Please call us so we can get the voucher prepared for you well before April 15, 2020.

Sincerely,

David M. Hayes, CPA