

## Welcome to 2018 Tax Season

### IRS CHANGES EVERYTHING !!

New Forms—New Laws—Easier? Undecided

The IRS after the approval from our government has redesigned the Tax Forms for 2018 we now have a **POSTCARD** tax return (front and back 1/2 size) with new schedules that summarize the old schedules.. **YEP..** I think they added more pages !! 6 new schedules that summarize all the other Forms and Schedules which did not go away—they're just not as important ??

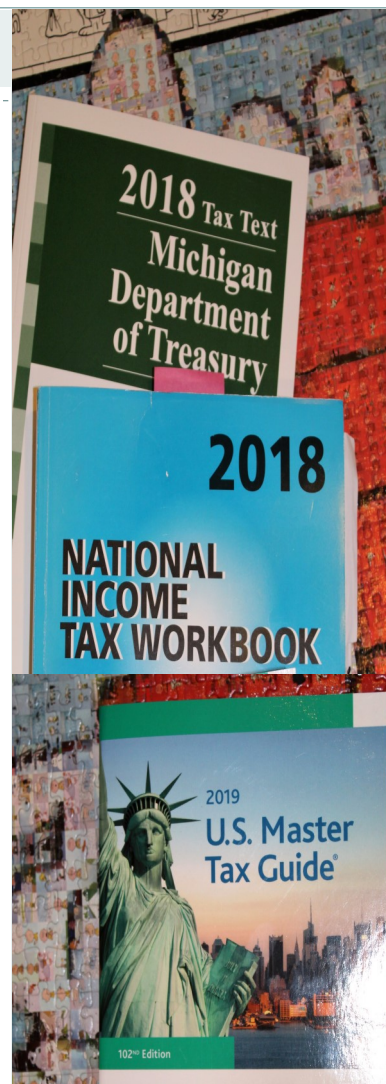
Okay let's talk about what they did change -

**Sch A—Medical Expenses** must go over the 10% cap -raised back up with the new tax laws AGI cap. They put limits on the **Property taxes/withholding tax/car registration section** of \$10,000. **All Mortgage interest** is deductible (unless your home is mortgaged over \$750,000) **BUT** Home improvement/Equity loans are now limited to the amount of interest charged for improvements to the home (which a bank will not know you must be able to supply this information) Charity remains the same as last year.. **BIG CHANGE.. No employee write offs—NO** Mileage, **NO** Phone expense, **NO** un-reimbursed expenses.. That section is gone!! **NO** Theft or Casualty Loss , **NO** Fees from investors or lawyers—**Everything is GONE** Primary goal is to have everyone stop using this form since the cap (standard deduction plus exemptions) will be hard to reach.

### Standard Deduction New Limits

**Single \$12,000 HOH \$18,000 Joint \$24,000**

**SENIORS GET A MARRIAGE TAX :( SINGLE SENIORS EXTRA \$1600 FOR YOUR DEDUCTION OF \$13600, MFJ ONLY \$1300 EACH FOR YOUR DEDUCTION OF \$26,600**



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#### SPECIAL POINTS OF INTEREST

- Standard Deduction merged with exemptions for ONE cap
- Child Credit Increases
- Obama Care still has penalties

## OBAMA CARE/ MARKET PLACE STILL PLAYS IN 2018

ACA –Affordable Health Act is still in service with the 1099-A Market Place and 1099-B employer or 1099-C proof of health insurance is still needed. Penalties will still apply if not full year coverage is verified.

We will **not be able to E-File returns** if you should

have received a **1099-A** and we did not include it on your return. Penalties were capped last year but any of them hurt your feelings. Please bring those forms for your taxes. Cap again \$695 per person per month.

### Just for Giggles the IRS definition of Charity

- \*\* for relief of aged, impotent and poor people, some for maintenance of sick and maimed soldiers and mariners, schools of learning, free schools and scholars in universities, some for repair of bridges, ports, havens, causeways, churches, sea-banks, and highways, some for education and preferment of orphans, some for marriages of poor maids, some for supportation, aid and help of young tradesmen, handicraftsmen, and persons decayed; and others for relief or redemption of prisoners or captives, and for aid or ease of any poor inhabitants \* \* \*.
- Since the establishment of the first non-wartime federal income tax in the United States in 1894 exemption has been provided to charitable organizations.

## SCHEDULE A CHANGES CONTINUED:

To simplify, the Sch A must be greater than the New Standard Deduction in order to be used for write off purposes. Remember this form has *never been a great Math Fact..* You only received between 10-30% (depending on income bracket) as a write off—So \$.10 to \$.30 on the dollar write off .

Changes are **Great** for paid off home mortgages and lower charity donations. For those of us whom do give a lot to Charity,

(My Minister friends included)  
REMEMBER the IRS loves documentation. Get those Receipts !! Every 10% counts when someone needs help— You can't out give God—And that's my Sunday School Lesson for this day :)



*The word "charity" means so much more than offering money to those who are sick or in dire circumstance.*

## HAVING KIDS UNDER 17 PAYS MORE

### The IRS loves Kids—The Child Credit Increases

Each child under the age of 17 is now worth \$2000 on the tax return - up from 2017 by \$1000 and the IRS is willing to allow refund cash up to \$1400 for each child (\$600 is only available against your tax base)

Dependent Care remains the same.

**Children 17 and over will qualify for \$500 or be allowed a separate tax return with the \$12000 Single standard deduction which ever works better depending if they are working or not.**

College credits AGI limits have increased Single \$90,000 Married \$180,000 with the American Opportunity and Lifetime Learning remain but NOT the Tuition and Fees Deduction for higher earners GONE.

1098-T Forms are required for Tuition Deduction

### Michigan Has Increased Property Tax Thresholds

Not many changes now make up to \$60,000 and qualify for Property tax credit .. WOW.. No new deductions.. Same Pension Tax.. Same low threshold for heating credit.. Still using exemptions .. Same State Tax 4.25% .. SAME OLD.. SAME OLD...



## IRS TAKES A STAND ON HEAD-OF-HOUSEHOLD STATUS

Each Year the IRS likes to set new guidelines for old familiar write-offs. Well this year is no exception— New Laws and more Due Diligence forms on our part to help police their views.

**Head of Household status** you must be unmarried on last day of tax year—Maintain a household by paying more than one-half of the cost of

keeping the home and a qualifying Child whom lived with you for more than one-half of the year, unless the person is a parent. A qualifying individual must be a dependent on your return and had lived with you all year. **Sorry — Now We have to Re-Ask about this :( and fill out yet another form):**

*“I cannot say whether things will get better if we change; what I can say is they must change if they are to get better.” – Georg C. Lichtenberg*



## GREAT NEWS FOR SCHEDULE C—BUSINESSES

### **Q B I (Qualified Business Income) CREDIT**

Yes I Said Credit !! For the next 5 years the New Tax Law gives Sch C business up-to 20% off the net Profit !!!

For all Tax payers whom have AGI under \$315,000 annually. There is a phase out over \$315,000 to 415,000 and some types of businesses will be disallowed over the \$315,000—BUT WOW— I have been working on this with our new tax program and you are going to be HAPPY !!

**Depreciation** has been increased to \$1,000,000 phasing down in the next 5 Years to \$500,000

**Mileage rate** for 2018 is \$ .545 per Mile—This is lower then 2017—NOT sure what gas price they use to determine..

**ENTERTAINMENT** is **GONE**, they allow **Meals** BUT only 50% write-off for your guest



## LEDGER RITE UPDATES

Parking is still an issue.. We apologize A lot .. We have been looking for a new place with more room and LOTS more Parking - but No Luck So Far.

Please **WELCOME** new staff—Chris and Jessica, please be patient as they are our new phone voices. We know that our customers are the **best** so please introduce yourselves and know they will be diligently trying to get things scheduled.

New Website to be launched before the start of E-File so make sure you stop by and take a look.. REFUND links are still available.



*“Everything is Awesome.. Everything is Cool when you are part of a Team.. Everything is Awesome, when you’re living our Dream..” - Lego*

## CORPORATION AND PARTNERSHIPS

**C-Corporations** now have **Flat Tax of 21%**, With the Advantage of the new Depreciation Cap of \$1,000,000. Corporation Returns haven't been changed just the Entertainment Expense REMOVED.

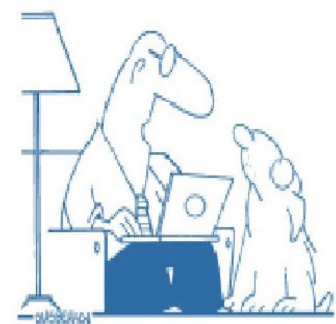
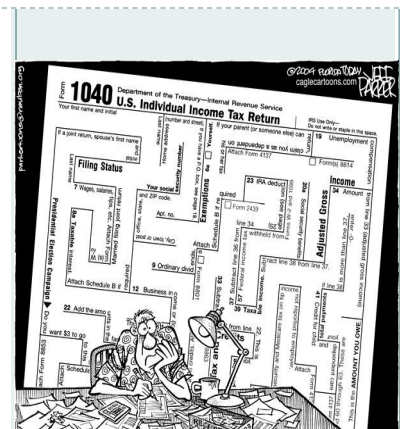
**S-Corporation** and **Partnerships** will Share in the new **QBI Credit** which will allow a up to 20% tax deduction for Individuals with \$315,000 AGI—this has the same phase out as the Schedule C.

Michigan Business Tax Remains over \$350,000 Gross — Due April 30

W-2's & 1099's Due out Jan 31

Personal Property Tax Forms Due Feb 28

Sales Tax Annual Due Feb 28



If you can claim your fleas as dependents, then You may qualify for the Earned Income Credit