



# QUICK ACCOUNT SERVICES, LLC

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## Taxing Topics

2018 — 2019 Edition

Earned Income Credit					
		0 Children	1 Child	2 Children	3+ Children
2	Earned Income Lower Limit for Maximum Credit	\$6,800	\$10,200	\$14,320	\$14,320
0	Maximum Credit	\$520	\$3,468	\$5,728	\$6,431
1	Phase-out (Single or HOH)	\$8,510—\$15,310	\$18,700—\$40,402	\$18,700—\$45,898	\$18,700—\$49,298
8	Phase-out (Married Filing Joint)	\$14,200—\$21,000	\$24,400—\$46,102	\$24,400—\$51,598	\$24,400—\$54,998
<b>2019</b>					
2	Earned Income Lower Limit for Maximum Credit	\$6,920	\$10,370	\$14,570	\$14,570
0	Maximum Amount of Credit	\$529	\$3,526	\$5,828	\$6,557
1	Phase-out (Single or HOH)	\$8,650—\$15,570	\$19,030—\$41,094	\$19,030—\$46,703	\$19,030—\$50,162
9	Phase-out (Married Filing Joint)	\$14,450—\$21,370	\$24,820—\$46,884	\$24,820—\$52,493	\$24,820—\$55,952

**Excessive Investment Income**—The earned income tax credit is not allowed if the aggregate amount of certain investment income exceeds \$3,500 for 2018 and \$3,600 for 2019.

Alternative Minimum Tax		
	2018	2019
Exemption Amount	\$70,300 S \$109,400 MFJ \$54,700 MFS	\$71,700 S \$111,700 MFJ \$55,850 MFS
Income Thresholds @ which exemption begins to phase out.	\$500,000 S \$1 million MFJ	\$510,300 S \$1,020,600 MFJ

Eligible Long-Term Care Premiums		
Age Before Close of Year	Limitation Amount	
	2018	2019
40 or less	\$420	\$420
> 40 but not > than 50	\$780	\$790
> 50 but not > than 60	\$1,560	\$1,580
> 60 but not > than 70	\$4,160	\$4,220
> 70	\$5,200	\$5,270

"Obamacare" Penalty (Individual Mandate)		
	2016, 2017, 2018	2019
Penalty For No Health Insurance	\$695—Single \$2,085—Family or 2.5% of Income	None
Maximum Penalty	\$13,100	None

**Penalty permanently repealed effective the 2019 tax year.**

Section 179 Deduction		
	2018	2019
Deduction Limit	\$1,000,000	\$1,020,000
Equipment Purchase Limit	\$2,500,000	\$2,550,000
Bonus Depreciation	100%*	100%*

\*Good through 2022 and also now includes used equipment.

Education Credits	
<b>American Opportunity Tax Credit (AOTC)</b> —This credit pertains to only the first 4 years of higher education. The maximum credit available is \$2,500 per eligible student and is calculated at 100% of the first \$2,000 of qualified expense for each student, plus 25% of the next \$2,000 of qualified expense, but not in excess of \$4,000. If the credit brings the amount of taxes you owe to \$0, then 40% of any remaining credit amount can be refunded to you (up to \$1,000). Income restrictions do apply and will kick in for modified adjusted gross income in excess of \$80,000 (\$160,000 for joint return). The credit is completely phased out with income over \$90,000 (\$180,000 for joint return).	
<b>Lifetime Learning Credit</b> —Maximum credit is \$2,000 per tax return and there is no limit on the number of years you can claim it. To receive the credit, your modified adjusted gross income has to be \$65,000 or less (\$130,000 for joint return). Credit is completely phased out with MAGI over \$66,000 (\$132,000 for joint return). This credit is non-refundable, which means you cannot get a refund if you owe zero taxes.	

Alimony	
Effective <b>after</b> 2018, the treatment of alimony was changed to make it nondeductible to the payer and tax-free to the recipient.	

Expiration & Renewal of ITINs	
Following is a list of ITINs which expired on 12/31/2018:	
◆ ITIN not used on a tax return at least once in the past three years (2015, 2016 & 2017).	
◆ ITIN with middle digits of 73, 74, 75, 76, 77, 81 or 82 (example: 9NN-73-NNNN).	
This means anyone with an ITIN that has expired and needs to file a tax return, should file a renewal application (Form W-7) as soon as possible. I can provide you with a copy of this form upon request if you need one.	

### Letter to Clients

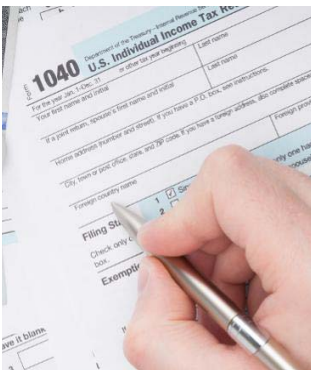
**T**his year, the annual mailing is getting out a little later than usual because of the difficulty in obtaining some of the information. This year you will find the following information included:

- ◆ Insert explaining changes to Schedule A and the new 20% deduction for pass through businesses brought about by the new tax law changes.
- ◆ Income Tax Tables Insert—one side shows 2018 rates, while the other side shows 2019 rates.
- ◆ 2018 Income Tax Check List—will help in the preparation of your tax return and show you what documents you will need. There is also a Self-Employed Worksheet on the reverse side.
- ◆ 2019 Annual Calendar—transparent dates are 2019 holidays, or other important dates, and the background painting is compliments of my husband Keith and Lonesome Meadows Art Studio ([www.lonesomemeadows.com](http://www.lonesomemeadows.com)).
- ◆ Referral Coupons—there is space on the back of the coupon for you to write your name and phone number and your referrals name and phone number. However, you don't need the coupon to get the discount.
- ◆ Billing & Rates insert—tax preparation rate will increase by \$10 per basic return and \$10 per hour for returns taking more than 1 hour to complete.

Thank you for your support and for helping to make 2018 my best year since starting the business 20 years ago. I look forward to a continuing relationship with all of you.

Cindy

**2018 E-Filing Starts Monday January 28, 2019**



**DELAYED REFUNDS?**

On January 7, 2019, the IRS confirmed that despite the government shutdown, it will process tax returns beginning January 28, 2019 and provide refunds to taxpayers as scheduled.

However, again this year, the Protecting Americans from Tax Hikes (PATH) Act, requires the IRS to hold refunds claiming Earned Income Tax Credit (EITC) and Additional Child Tax Credit (ACTC) until February 15th.

**Tax Deadlines & Extensions**

The regular filing deadline to file 2018 returns is Monday, **April 15, 2019**. The deadline for filing extensions is Tuesday, **October 15, 2019**.

Partnerships and S corporations (Form 1065 & Form 1120S) must file returns by March 15, 2019 and C corporations (Form 1120) are due April 15, 2019.

**Don't forget — Refer a friend and you both get a \$10.00 credit!**

## 2018 & 2019 Key Information

I have chosen to use the same format as I did last year to present this information to you, especially given the new tax law changes. The information is setup in tables with 2018 and 2019 figures side by side. This way, you can better see the changes from one year to the next. Although the 2018 figures are used to prepare your current return due April 15, 2019, the 2019 figures provided may help in making financial decisions in the coming year.

### Itemized Deduction Income Limitations

	2018	2019
All Filing Statuses	<b>NONE</b>	
<b>The overall limit is suspended for 2018 through 2025.</b>		

### Personal Exemptions

**NO PERSONAL EXEMPTIONS ALLOWED for 2018 and 2019**

**Adoption Credit**—For 2019, the credit allowed for an adoption of a child with special needs is \$14,080, and the maximum credit allowed for other adoptions is the amount of qualified adoption expenses up to \$14,080. Phase-outs do apply beginning with modified adjusted gross income in excess of \$211,160 and completely phased out with MAGI of \$251,160 or more.

### Child Tax Credit

	2018	2019
Credit per Qualifying Child	\$2,000	\$2,000
Maximum Refundable Amount per Child (credit is 15% of earned income exceeding \$4,500 up to max. credit)	\$1,400	\$1,400
Phase Out Begins (reduction is \$50 for each \$1,000 income exceeds threshold)	\$400,000 MFJ \$200,000 All Others	\$400,000 MFJ \$200,000 All Others
Credit for "Other" qualifying dependents	500.00	500.00

### Standard Mileage Rates (SMR)

	2018	2019
Business	54.5¢	58¢
Medical/Moving	18¢	20¢
Charitable	14¢	14¢

You always have the option of using actual costs rather than the SMR. If you want to use the SMR, you must use it in the first year of vehicle business use. In later years, you can choose to use either the SMR or actual expense. In addition, the business SMR cannot be used for more than four vehicles used simultaneously.

**NOTE:** For tax years beginning in 2018, employees will **NOT** be allowed a deduction for unreimbursed expense on Schedule A for **per diem or mileage**.

### Standard Deductions

	2018	2019
Single & Married Filing Separate	\$12,000	\$12,200
Head of Household	\$18,000	\$18,350
Married Filing Joint	\$24,000	\$24,400
Dependent of Another Taxpayer	Greater of \$1,050 OR \$350 + earned income	Greater of \$1,100 OR \$350 + earned income
Additional Deduction for the Aged or Blind	\$1,300 Married \$1,600 Single	\$1,300 Married \$1,650 Single

### Other Information

	2018	2019
School Teacher Credit	\$250	\$250
Child & Dependent Care Credit—Maximums (credit is 20% - 35% of expense)	\$3,000—1 child \$6,000—2 or more	\$3,000—1 child \$6,000—2 or more
Foreign Earned Income Exclusion	\$103,900	\$105,900
Kiddie Tax Threshold (on unearned income)	\$1,050	\$1,100
Gift Tax Exclusion	\$15,000	\$15,000
Estate Tax Exemption—value of estate has to be at least . . .	\$11,180,000 per individual or \$22,360,000 married couples	\$11,400,000 per individual or \$22,800,000 married couples
Student Loan Interest Deduction Maximum & Phase-out Limits	\$2,500 Max \$65,000— \$80,000 Single \$130,000— \$160,000 MFJ	\$2,500 Max \$70,000— \$85,000 Single \$140,000— \$170,000 MFJ
Social Security Wage Base Limit & Maximum Amount of Tax	\$128,400 \$7,960.00 Max	\$132,900 \$8,239.00 Max

### Standard Per Diem Rates

	2018	2019
Lodging	\$93	\$94
Meals & Incidentals	\$51	\$55

Higher rates are available for specific cities. If you don't have records for each city, standard rate will be used. If you have specific cities, the rates for each city individually will be used.

**Moving Expense** — Deduction has been suspended, but does not apply to members of the U.S. Armed Forces on active duty who move pursuant to orders for permanent change of station.

## Retirement Plans

	2018	2019
<b>IRAs (both regular and ROTH)</b>		
Contribution Limit	\$5,500	\$6,000
Catch-Up Contributions	\$1,000	\$1,000
<b>Regular IRA AGI Deduction Phase-Out</b>		
Single or Head of Household (covered by workplace plan)	\$63,000- \$73,000	\$64,000- \$74,000
Joint Return (taxpayer making contribution is covered by workplace plan)	\$101,000- \$121,000	\$103,000- \$123,000
Joint Return (taxpayer making contribution not covered by workplace, spouse is)	\$189,000- \$199,000	\$193,000- \$203,000
Married Filing Separate (whether or not covered by workplace plan)	\$0-\$10,000	\$0-\$10,000
<b>If neither the taxpayer nor spouse is covered by workplace plan, phase-outs of deduction do not apply.</b>		
<b>SIMPLE &amp; 408(p) Plans</b>		
Maximum Contributions	\$12,500	\$13,000
Catch-Up Contributions	\$3,000	\$3,000

	2018	2019
<b>Roth IRA</b>		
<b>Income Phase-Out Range</b>		
Single & Head of Household	\$120,000- \$135,000	\$122,000- \$137,000
Married Filing Joint	\$189,000- \$199,000	\$193,000- \$203,000
Married Filing Separate (not subject to COLA)	\$0-\$10,000	\$0-\$10,000
Low number of range is also the AGI limitation for determining the maximum Roth Contribution .		
<b>SEP &amp; 408(k)</b>		
Maximum Compensation	\$275,000	\$280,000
Maximum Contribution—lesser of 25% of compensation OR	\$55,000	\$56,000
<b>401(k), 402(g), 403(b), Profit-Sharing Plans, etc.</b>		
Annual Compensation	\$275,000	\$280,000
Elective Contributions Limit	\$18,500	\$19,000
Catch-Up Contributions Amount	\$6,000	\$6,000
Defined Contribution Plans Limit (Section 415 Plans)	\$55,000	\$56,000

### Retirement Plan Distributions

- ◆ Distributions prior to age 59-1/2 are subject to a 10% early withdrawal penalty, unless the withdrawal qualifies for exemptions.
- ◆ Distributions from IRA, SIMPLE or SEP IRA are required when you reach age 70-1/2. Roth IRAs do not require withdrawals until after the death of the owner.

**REMINDER:** The tax consequences of early withdraw from retirement accounts can be devastating. Even if taxes are withheld from the distribution (i.e. 20%), that doesn't mean your taxes are paid in full. In addition to the 10% penalty for early withdrawal, your adjusted gross income will increase by the amount of distribution. A large withdrawal may even push you into a higher tax bracket. **1099-R income must be reported on your tax return.**

### Saver's Credit (Retirement Savings Contributions Credit) — AGI Limit for . . .

	50% Credit		20% Credit		10% Credit	
	2018	2019	2018	2019	2018	2019
Single & All Other Taxpayers	\$19,000	\$19,250	\$20,500	\$20,750	\$31,500	\$32,000
Head of Household	\$28,500	\$28,875	\$30,750	\$31,125	\$47,250	\$48,000
Married Filing Joint	\$38,000	\$38,00	\$41,000	\$41,500	\$63,000	\$64,000

### Long-Term Capital Gains Taxes for 2019

Tax Rate	Single	Married Filing Joint	Head of Household	Married Filing Separate
0%	Up to \$39,375	Up to \$78,750	Up to \$52,750	Up to \$39,375
15%	\$39,376—\$434,550	\$78,751—\$488,850	\$52,750—\$461,700	\$39,375—\$244,425
20%	Over \$434,550	Over \$488,850	Over \$461,700	Over \$244,425

The 3.8% net investment income tax that applied to high earners remains the same and with the exact same income thresholds — \$200,000 for single taxpayers and \$250,000 for married filing joint.