

### This Month:

- Tax Cuts and Jobs Act
- 1<sup>st</sup> Quarter 2019 Due Dates

## Tax Cuts and Jobs Act

As we kick off the 2019 filing season under the Tax Cuts and Jobs Act (TCJA), it's hard to say if you'll see an increase or decrease in your taxes, or if your tax return will become simplified or more complex. But what we know for sure is, ALL taxpayers will be affected by the new legislation!

The TCJA has provided new opportunities for tax savings and tax planning for you and your business. Below is a brief summary of some provisions in the Act. In addition, the IRS has interpreted several provisions of the tax bill, which may provide answers to your questions. Unfortunately, we're still awaiting interpretation and guidance on some of the more complicated areas of the new law and it's unlikely we'll get anymore direction from the IRS before tax season begins.

### Tax Provisions Affecting Individuals for 2018

- There are still seven tax brackets, but the tax rates are lowered to 10%, 12%, 22%, 24%, 32%, 35%, and 37%.
- The standard deduction has almost doubled from the prior year to \$12,000 for individuals and to \$24,000 for married couples.
- Personal and dependency exemptions are eliminated.
- Child Tax Credit has increased to \$2,000 and expands the refundable tax portion of the credit to \$1,400.
- Alternative Minimum Tax (AMT) exemption amount has been increased to \$109,400 for married filing joint and surviving spouses and \$70,300 for other filers.
- Individual Healthcare Mandate penalty has been eliminated for individuals who fail to maintain minimum essential health care coverage, but only for years after 12/31/2018. The penalty is still applicable for 2018.
- Earned Income Tax Credit is still available for low to middle-income wage earners, which can be over \$6,000 for a family with three kids.
- Taxpayers, who itemize, can deduct up to \$10,000 in state and local income taxes, sales tax and real estate taxes.
- Mortgage interest deduction is capped on new home loans of \$750,000, and no longer includes home equity line of credit (HELOC) interest.
- A deduction is allowed for qualified medical expenses in excess of 7.5% of adjusted gross income.

### Tax Provisions Affecting Business Owners for 2018

- Lowers the corporate tax rate to 21%, and the tax rate for Personal Service Corporations is also lowered to 21%.
- Repeals Corporate Alternative Minimum Tax (AMT).
- Allows sole proprietors and passthrough businesses a 20% deduction of its Qualified Business Income (QBI). Specified Service Trades and Businesses (SSTB) are not eligible for the deduction, if the taxpayer's taxable income before the QBI deduction is over \$415,000 if filing MFJ or over \$207,500 if filing Single, HOH, or MFS.
- Expands the limits on cash accounting and removal of some of the requirements to track inventory.
- Allows businesses to fully expense qualified purchases for the 5 years after 2017.

## 1<sup>st</sup> Quarter 2019 Due Dates

### January 15:

- ◇ *Individuals:* Fourth quarter 2018 estimated tax payments are due (final Installment).

### January 31:

- ◇ *Employers:*
  - Give your employees their copies of Form W-2 for 2018. File Form W-3 with Copy A of all Forms W-2, regardless of whether you file these forms by paper or electronically. The SSA encourages all employers to e-file. Don't e-file the same returns which were paper filed.
  - File Form 941 for 4th quarter 2018, or annual Form 944. File Form 940 for 2018.
  - File Form 1096 with Copy A of Forms 1099-MISC reporting non-employee compensation payments in Box 7 only.
  - As a part of the employer reporting requirements under the Affordable Care Act, you may need to give your employees copies of Form 1095-B (Health Insurance Coverage Statement) and/or Form 1095-C (Employee Statement) for 2018. If you're unsure of your reporting requirements for these forms, please contact us.
- ◇ *Businesses:* Distribute Form 1099 to recipients for 2018.



### February 28:

- ◇ *Employers who paper file:* File Form 1096 with Copy A of all Forms 1099, except for any 1099-MISC reporting nonemployee compensation payments in Box 7. As a part of the reporting requirements under the Affordable Care Act, you may need to file Forms 1094-B, 1095-B, 1094-C, and 1095-C with the IRS. If you're unsure of your reporting requirements for these forms, please contact us.
- ◇ *Large food or beverage establishments who paper file:* File Form 8027 to report 2018 tip income, reported tips, and allocated tips.

### March 15:

- ◇ *Calendar-Year S Corporations:* 2018 Form 1120S due or file Form 7004 for an automatic six-month extension. Provide shareholders with copy of Schedule K-1.
- ◇ *Partnerships:* 2018 Form 1065 due or file Form 7004 for automatic six-month extension. Provide partners with copy of Schedule K-1.
- ◇ *C Corporations & LLCs:* File Form 2553 to choose to be treated as an S corporation beginning on January 1, 2019.

### April 1:

- ◇ *Employers who e-file:* E-file Form 1096 with Copy A of all Forms 1099, except any 1099-MISC reporting nonemployee compensation payments in Box 7. As a part of the employer reporting requirements under the Affordable Care Act, you may need to e-file 2017 Forms 1094-B, 1095-B, 1094-C, and 1095-C. If you're unsure of your reporting requirements for these forms, please contact us.
- ◇ *Large food/beverage establishments who e-file:* E-file Form 8027 to report 2018 tip income, reported tips, and allocated tips.

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