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January 2019

All the best for a Happy 2019! We hope that 2018 was good to you and yours. Please call early to reserve your preferred appointment time. **Our cut-off date this year will be March 25, 2019. The filing due date for 2018 returns is April 15, 2019.** In order for us to have adequate time to properly complete your 2018 returns by April 15, 2019, your information must be in our office by close of business on March 25, 2019. Otherwise, we will most likely need to file an extension for you. For those planning to go on extension, in order for us to have adequate time to input your information to determine if you need to send payments with your extensions, we are requesting that your basic information be in our office by **April 7, 2019**. If you have any questions regarding these deadlines, please call.

As you are probably aware, Congress passed sweeping reform to the Tax Code at the end of 2017 and these new laws have been in effect all of 2018. Unfortunately, the IRS has not issued clarification on all of the new laws so there may be changes that occur even as filing season progresses. The tax returns will have a new look as the printed 1040 will only print on half a page for 2 pages to meet the postcard size promise and additional information will be contained on up to six supplemental schedules. There is no longer a 1040EZ or 1040A. Most of the changes affecting the average personal return, however, are fairly clear-cut and we should be able to adjust your tax filing as needed to comply with the new laws. Below please find details on the more common changes that will impact personal returns:

- A Higher Standard Deduction will remove many taxpayers from itemizing their deductions. $12,000 for Single and Married Filing Separately, $18,000 for Head of Household and $24,000 for Married Filing Jointly
- Suspension of the deduction for Personal Exemptions
- SALT (State And Local Tax) Limitation of $10,000 cumulatively. This is especially impactful for residents of New Jersey, New York and Pennsylvania with high property and income tax rates
- Suspension of the 2% Miscellaneous Itemized Deductions – Includes unreimbursed employee business expenses, union dues, uniforms, tax prep fees, IRA fees, investment fees, safe deposit box fees and more
- Suspension of the deduction for Casualty and Theft losses unless from a Federally declared disaster area
- Suspension of the deduction for Moving Expenses unless the move is by a member of the active military
- Suspension of the pre-tax Qualified Transportation/ Commuting Cost deduction
- Lower overall tax rates of 10, 12, 22,24,32,35 and 37% with higher thresholds in each bracket
- Increase in the Child Tax Credit for dependents under age 17 from $1,000 per child to $2,000 per child with a maximum refundable portion of $1,400 per child but more importantly, the income threshold to be eligible to receive the credit increases from $110,000 to $400,000 for Married Filing Jointly taxpayers and from $75,000 for Single Filers and Heads of Household and $55,000 for Married Filing Separately to $200,000. Many more taxpayers will qualify for these credits
- A new credit for dependents age 17 and older of $500 per dependent
- Higher thresholds for AMT (Alternative Minimum Tax) that will eliminate many more taxpayers from being subjected to it.

We would like to remind you about our website, www.spincpas.com . We will have this letter and the various checklists posted on this site and will be looking to expand the content in 2019. Check it out.

The Internal Revenue Service is not opening electronic filing season until January 28th but we are able to begin processing returns before then to have them ready for electronic filing as soon as possible. We have not been advised of any delay in processing taxpayer returns claiming the **Earned Income Credit or the Refundable Child Credit and Refundable Tuition Credit** but if that situation changes you will be advised when you come in. With respect to these credits as well as those taxpayers filing for Head of Household status, the IRS is increasing the due diligence of tax preparers in qualifying taxpayers in these areas. As a result, you may be asked to supply supplemental documentation for our records to support these claims.

Obamacare is still an issue for 2018 returns despite a recent judicial ruling. This means that unless you had no health insurance coverage all of 2018, you will be receiving some version of **Form 1095.** Similar to past years, if you had coverage under the Marketplace and/or received an **Advanced Premium Tax Credit**, you will be receiving **Form 1095-A**. If you are covered at work or through a government program such as Medicare, Medicaid or Tri-care you will be receiving a **1095-C** and/or **1095-B**. If your status changed during the year you may receive more than one of these forms. The Internal Revenue Service requires that these forms be provided to us to assure that you have health insurance coverage. We have not heard that these providers have been granted an extension of time to file these forms so they should be available to you by January 31, 2019. Unless you qualify for an exception or received an Exemption Certificate, you may be subject to a penalty called the "Shared Responsibility Payment". The Shared Responsibility Payment for 2018 is the GREATER of $695 per person ($347.50 per dependent) or 2.5% of your modified adjusted gross income, including the modified adjusted gross income of your dependents. This penalty will be imposed on your 2018 federal income tax return. We will discuss possible eligible exceptions with you if you did not have insurance during 2018. If you feel you may qualify for an **exemption from being required to have health insurance**, please contact us early as we may need to send in a request for an exemption certificate which takes about two weeks to receive and is required before your return can be electronically filed. The good news is that 2018 is the last year that the Shared Responsibility Payment will be assessed.

Certain significant provisions of the Tax Code expired on December 31, 2017 and will not be available for 2018. These include the Tuition Deduction of up to $4,000 of secondary school expenses, the Deduction for Mortgage Insurance Premiums , the exclusion of cancelled debt from Qualified Mortgage Indebtedness and the $500 Energy Efficient Home Improvement Credit. However, these provisions were reinstated for 2017 in early February of 2018 and this may also occur again this year so stay tuned.

Attached is a checklist, which may assist you in compiling your 2018 tax information. A more detailed organizer will be mailed or e-mailed to you upon your request. As always, we hope that you will contact us early to secure your preferred appointment time and we will be available to discuss the issues raised in this letter as well as any others you may have. If you are planning to drop-off your information without an appointment, it is important that you completely **fill out the enclosed Drop-off Questionnaire**, which has the optional IRS disclosure form on the opposite side. We are looking forward to seeing you soon.

Sincerely,

Wendy Spinner, CPA

Michael Spinner, CPA