**TAX NEWS & TIPS**

**Editor’s Notes**

**FALL ISSUE 2018**

**Tax Reform Update**

Many of the individual provisions of the new legislation could cause dramatic changes in refunds or balance dues for unexpecting taxpayers.

**Federal Tax Withholding Tune-Up**

2018 is more than half gone. This is a good time to ask, “How am I doing?” Compare your current employer federal tax withholding to taxes paid last year. Look at Tax Reform changes that effect you…loss of deduction for exemptions, increased child tax credits, limitation or elimination of itemized deductions and the increase in the standard deduction.

Use IRS Withholding Calculator on IRS.gov to calculate amounts needed to be withheld.

Married taxpayers, who both work, taxpayers who work multiple jobs and taxpayers who work part of the year are some of the groups that should carefully check all withholding amounts to verify that the proper amounts are being withheld. Update W-4s with employers if necessary.

**Tax Reform Update…Four Examples**

Examples of Tax Reform changes vs prior tax law to illustrate changes in tax liability. Examples identify concepts of losing deduction for exemptions, limitation or elimination of certain itemized deductions, increase in standard deduction, increase in child tax credit and changes in tax rates and brackets and AMT.

**Example 1** is two wage earner, homeowner, itemizing family with minor children.

**Example 2** is lower income head of household with minor children taking the standard deduction.

**Example 3** is middle income single filer who itemizes and has deductions limited.

**Example 4** is high income single filer who itemizes and has deduction limitations, new tax bracket and AMT issues.

**Keep me posted!**

Asking clients to call with new income items or changes in household members.

**Tips For You… *Now!***

A chart showing annual and cumulative amount for social security benefits starting at age 62, 66 and 70. Shows break-even points for election to begin benefits at each age.

**Debt Cancellation by Lender?**

Review of situation for receiving 1099-C and what information will be needed for tax return.



**Myth vs Truth.**

• Borrowers can no longer deduct interest of home equity loans? Maybe, how were loan proceeds used?

• Parent no longer get tax breaks for kids? No! Lose deduction for exemption but child tax credit increases.

• Tax reform makes filing easier? Yes, in some cases.

• Mortgage interest no longer deductible? Still deductible with limitations for some taxpayers.

*Unfortunately, we cannot be your primary tax information source. The information in the Newsletter is for your clients. We attempt to write on a level that will give the taxpayer a general sense of the topic to promote additional conversation on the specifics with you when they discuss the preparation of their tax returns.*

*If you have a topic that you would like included in a future issue of Tax News & Tips, please forward to rich@taxnewsandtips.com .*



**Rich DeLand**

*Editor*

**Upcoming Key Dates:**

Year End 2018 Issue

Subscriptions & Masthead Change Deadline: October 23

Newsletter Ship Date: November 21