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ARE YOU READY FOR BIG CHANGES TO YOUR TAXES?

TAX CUTS AND JOBS ACT

PUBLIC LAW 115-97 ENACTED DECEMBER 22, 2017

Hailed as the largest major tax reform in over three decades, the TCJA contains a host of tax provisions that impact individuals and businesses. With a few exceptions, the provisions of the TCJA first affect 2018 tax returns.

Many popular deductions have been eliminated under the TCJA, and many taxpayers will not like the changes. However, these eliminations will make a fair amount of tax returns simpler and, therefore, cut back on audit issues with IRS.

INDIVIDUAL INCOME TAX RATES

The tax rates went down for most brackets. In many cases the brackets also changed taxpayer's benefits.

The most common brackets are:

<u>WAS</u>	<u>NOW</u>
10%	10%
15%	12%
25%	22%
28%	24%
33%	32%
35%	35%
39.6	37%

PERSONAL EXEMPTIONS

Under prior law, a personal or dependency exemption for 2017 gave individuals a deduction of \$4,050. Under new law, **the deduction for personal exemption no longer exists.**

STANDARD DEDUCTION

The standard deduction amounts are almost double the previous year:

- Single and married filing separate = \$12,000
- Married filing jointly = \$24,000
- Head of household = \$18,000

ITEMIZED DEDUCTIONS

- Medical Deductions: The 7.5% of AGI base is restored for tax years beginning in calendar years 2017 and 2018. The 10% of AGI base is effective again starting with tax years beginning after December 31, 2018.
- State and Local Taxes: State and Local taxes (SALT) are now limited to \$10,000 (\$5,000 for MFS) per year. These include income taxes, sales taxes, real estate taxes and personal property taxes.
- Mortgage interest: The deduction for mortgage interest is limited to underlying indebtedness of up to \$750,000. **The deduction for interest on home equity indebtedness is eliminated.**
- Casualty and Theft Loss Deduction: **The personal casualty and loss deduction is eliminated,** except for personal casualty losses incurred in a federally declared disaster.
- Miscellaneous Itemized Deductions: **The deduction for miscellaneous itemized deductions that are subject to the 2% of AGI floor is eliminated. These include tax preparation fees, investment expenses, employee business expenses (i.e. Form 2106), and safe deposit boxes.**

CHILD TAX CREDIT

The **child tax credit increases from \$1,000 to \$2,000**. Congress did discuss increasing the age from 17 to 18 years of age where the credit is eliminated, but was not part of the final bill.

A new nonrefundable credit of \$500 has also been created. This is allowed for every dependent who is a qualifying relative, not just children.

ALIMONY

Alimony income is no longer taxable nor is it deductible. This is applicable only for instruments executed after December 31, 2018.

ACA PENALTY FOR NO HEALTH INSURANCE

Many taxpayers have a financial interest in this provision, and many taxpayers have misunderstood the rule. The penalty still exists in the law; however, the new law reduces the amount of the penalty for not having insurance for the year to \$0 **effective for any month after December 31, 2018.**

QUALIFIED TUITION PROGRAMS (SECTION 529 PLANS)

Under the TCJA, up to \$10,000 can be distributed each year from a 529 account as a qualified distribution to cover tuition expenses incurred during the tax year for designated beneficiaries enrolled at a public, private, or religious elementary or secondary school.

MOVING EXPENSES

Moving expenses are no longer deductible. Any reimbursement an employee receives from an employer for moving expenses is now taxable.

BONUS DEPRECIATION

The bonus depreciation rate is increased to 100% effective for purchases after September 27, 2017, and before January 01, 2023. Bonus depreciation is now available for used property as long as the taxpayer did not use the property before he or she acquired the property.

OFFICE HOURS: Monday thru Friday 8:00 am to 8:00 pm

Saturday 8:00 am to 5:00 pm

To help save our time and your dollars, please total and summarize your receipts instead of bringing them in for us to do. If you wish for us to do this there will be an extra bookkeeping charge added to your tax return preparation.

Messages left on our cell phones will be answered as time allows, which in most cases will be late evenings after business hours or on Sunday afternoons. The best way to convey information to us is the use of email or calling the office directly.

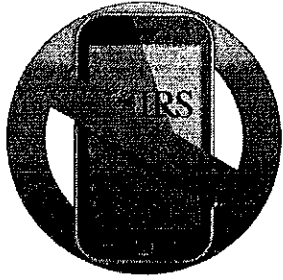
Please provide us with your current contact information:

1. Telephone number including cell phone number
2. Current address
3. Email address
4. Current banking information for your direct deposit

Please be mindful this time of year is very stressful for us and if you have questions which do not relate to the filing of the current tax return, please wait until after the tax filing season ends (April 15th).

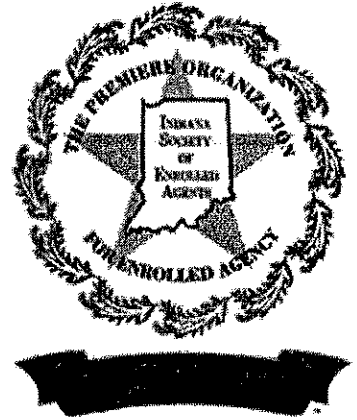
Electronic filing of tax returns will not be processed until payment has been received.

Please visit our web site for links to the IRS or IDR for "Where's my refund" @ IRS.gov or "Check my refund" @ IN.dor.



JUST HANG UP

BROUGHT TO YOU BY THE INDIANA SOCIETY OF ENROLLED AGENTS



The IRS continues to warn consumers to guard against scam phone calls from thieves intent on stealing their money or their identity. Criminals pose as the IRS to trick victims out of their money or personal information

How Scammers Work!

Scammers **make unsolicited calls** claiming to be IRS officials. They demand that the victim pay a bogus tax bill. They con the victim into sending cash, usually through a prepaid debit card or wire transfer.

They may also leave **“urgent” callback requests** through phone “robo-calls,” or via a phishing email. They’ve even begun politely asking taxpayers to verify their identity over the phone.

Many phone scams **use threats** to intimidate and bully a victim into paying. They may even threaten to arrest, deport or revoke the license of their victim if they don’t get the money.

Scammers often **alter caller ID numbers** to make it look like the IRS or another agency is calling. The callers use **IRS titles** and **fake badge numbers** to appear legitimate.

They may **use the victim’s name**, address and other personal information to make the call sound official.

The IRS will never



Call to demand immediate payment.

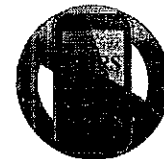


Ask for credit or debit card numbers over the phone.



Threaten to immediately bring in local police or other law-enforcement groups to have you arrested for not paying.

NEVER GIVE OUT ANY INFORMATION!



JUST HANG UP

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