



2019 Tax Planning



Professional services include:

- Tax Compliance
- Audit & Assurance
- Litigation Support
- Estate & Gift
- Succession Planning
- Valuation
- IRS Representation
- Family Foundations
- Bookkeeping & Accounting

Our mission is to provide our clients with exceptional services by taking initiative to be proactive advisors. We pride ourselves in developing tailored strategies to meet the specific needs of our clients.

We have a diverse commercial and individual accounting, auditing, tax and business consulting practice.

Our partners and staff are available to meet the needs of our clients and offer to meet with owners and management periodically throughout the year to discuss plans and to consult on a broad range of financial and business topics.



Changes to Tax Law for Year 2019

In anticipation of the next tax preparation season, we hope that this newsletter will alert you to changes in the tax laws that may affect your taxes or your friends' taxes. Hopefully this information on the latest developments will help you identify areas for further discussion about ways to save taxes and accomplish your estate planning goals.

The Tax Cuts and Jobs Act of 2017 that was enacted last December has been the most comprehensive update of the U. S. Tax Code in over 30 years. The Act covers both businesses and individuals and has gone into effect for most provisions beginning January 1, 2018. Two important changes implementing in year 2019:

- The penalty for not having health insurance coverage is now zero
- The reduction of medical expenses as an itemized deduction is now 10% for everyone

Other changes implemented in year 2018 will be subject to cost of living adjustments to the dollar amounts.

Standard Deduction Increased

This year the standard deduction is \$24,400 for married individuals filing a joint return, \$18,350 for head-of-household filers, and \$12,200 for all other taxpayers. For two married people, both over 65, the standard deduction is \$27,000.

Gift Tax Exemption Increased

The annual gift tax exemption is now \$15,000. A gift greater than this amount to any one individual means that you must file a gift tax return; however, there is no tax due on gifts until all cumulative amounts during your lifetime exceed the estate tax exemption, which is now \$11,400,000. Therefore, most people will not pay gift or estate taxes.

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Executive and Family Office Accounting Services

For some businesses and family groups, a fulltime financial accounting specialist may not be practical. We provide a solution: services at your residence or corporate location tailored to meet your needs.

- **Bookkeeping** - from after-the-fact reconciliation of bank statements and recording of transactions to drafting and executing checks, tracking accounts receivable/payable, receiving payments and making deposits for our clients
- **Tax & Payroll Services** - state sales tax reporting, household and corporate payroll services including employee check, monthly reporting, and annual W-2, 1099s, 940 & 941 as well as worker compensation deposits
- **Other Services** - Property management assistance



Auto Mileage Allowance

The IRS business rate is now 58 cents per mile and 20 cents per mile for medical purposes. The charitable mileage rate is set by statute and remains at 14 cents per mile. Those who use their car regularly for business should keep a written log to document the business miles, as this is a significant deduction. An easy way to document your starting and ending mileage is to record your odometer reading each year before setting out for New Year's Eve festivities.

IRA Withdrawals

We remind all clients that they will be subject to required minimum distributions from their IRAs starting the year in which they turn age 70 ½. One advantageous option we often recommend is the ability to use your required minimum distribution is to make charitable contributions for the year (up to \$100,000 per year) from your IRA. Any funds used for a Qualified Charitable Distribution are not taxable. Direct your IRA custodian to make the gift directly to your charity. Retain the acknowledgment from the charity and the account statement showing the distribution, then provide these to us along with your 1099R when we prepare your taxes. If you are of age and have an IRA, consider taking advantage of this option rather than writing a check from your bank account.

This annual Tax Planning Letter is being sent to you to encourage you to utilize all the opportunities the tax law provides to minimize your 2019 taxes as well as offer suggestions for longer range planning. If you are interested in a tax planning appointment, please call our office to discuss these matters further.