# The New Tax Form Is Postcard-Size, but More Complicated Than Ever

The New Hork Times

Please join us to discuss the issues Thursday, November 15, 2018

**Brian R Weiland & Associates PC** 

### **Journal of Accountancy**

### Form 1040 to be shorter but with more schedules

By Sally P. Schreiber, J.D.

June 27, 2018

The IRS is working on a draft version of the 2018 Form 1040, *U.S. Individual Income Tax Return*, that reduces the size of the form to two half-pages in length and eliminates more than 50 lines, compared to the 2017 version of the form. The draft form moves many items that in the past have appeared on the face of the 1040 to various new schedules.

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| Foreign country new   | _             |   |              | Foreign province         |  | - 11            | weg page o   | - 100        | the west \$2 to go to this best                              | I. Chucki |
| A CONTRACT OF THE PARTY OF THE |               |   |              | 1 something the          |  |                 |  | 9.35<br>(48) | on below will not change pro-                                | tax e     |
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| Exemptions  | Ga            | Yourself. If por  | neone can    | claim you sa a depe      | indent, do not d   | heck box 6      |  |              | Boxes checked<br>on 6a and 6b                                |           |
| and a particular  | b             | Spouse  |              | a la company             |  |                 |  | Vice.        | No. of children  | -         |
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|   | M Fest        | once last o   | and .        | sent searly randor       | relationship to y  | 17/01           | ne netrations  |              | <ul> <li>did not live with<br/>you due to divorce</li> </ul> | _         |
| more than four  |               |   |              | 11                       |  |                 |  |              | or separation  |           |
| ependents, see  |               |   |              |                          | +  |                 | 100  | _            | Dependents on Sc.  | -         |
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|   | 7             | Wages, salaries, tip  |              |                          |  |                 |  | 7            | man above P  |           |
| ncome   | Sim           | Taxoble interest. A   |              |                          |  |                 |  | 80           |  | +         |
|   | b             | Tax-exempt intere   |              |                          | l mp l   |                 | dicity's   | - 00         |  | -         |
| Uttach Form(s)  | 2m            |   | 111          |                          | 10000  | on the same     |  | 20           |  |           |
| W-2 here, Albo<br>Hach Forms  | b             | Crothary strictents. Aftech Schedule III frequired  Qualified divisionds  95                |              |                          |  |                 |  | 1            |  |           |
| V-2G and  | 10            | Taxable refunds, credits, or offsets of state and local income taxes                        |              |                          |  |                 |  | 10           |  |           |
| 000-R # tox   | 11            |   |              |                          |  |                 |  | 11           |  |           |
| vas withhold.   | 12            | Business income or Joses, Attach Schedule C or C-EZ   |              |                          |  |                 |  | 12           |  |           |
|   | 13            | Capital gain or fee   | n. Attach S  | ichedule D If require    | d. If not required   | t, check he     | # E  | 13           |  |           |
| you did not<br>get a W-2,   | 14            | Other game or dose  | wsi. Attach  | Form 4107                | 1.4  |                 |  | 14           |  |           |
| we instructions.  | 150           | FA distributions  | 15e          |                          | b Taxe   | ble amount      |  | 15b          |  |           |
|   | 1Gm           | Pensions and annuit   |              |                          | the same of the sa | ble amount      |  | 16b          |  | -         |
|   | 17            | Rental real setate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E |              |                          |  |                 |  | 17           |  | -         |
|   | 18            |   |              |                          |  |                 |  |              |  |           |
|   | 19            | Unemployment cor  |              | 4 1 4 5 5 4              | 111  |                 | 0.0  | .19          |  | -         |
|   | 20s           | Social security bene  |              | and the second           | b Tana   | bly amount      |  | 20b          |  | +         |
|   | 22            | Other income. List  |              | nght column for lines i  | through 21. This is  | n lower feither | income *   | 21 22        |  | +         |
| 3330s (Gen so)  | 23            | Educator expenses   |              | The same of the same of  | 23   | The state       | Contract of the Contract of th | 150          |  |           |
| Adjusted  | 24            |   |              | entials, performing arts |  |                 |  |              | I  |           |
| Gross   |               |   |              | tach Form 2106 or 210    |  |                 |  |              | I  |           |
| ncome   | 25            |   |              | tion. Attach Form 8      |  |                 |  |              | I  |           |
|   | 20            | Moving expenses.  | Attach For   | n 1003                   | 26   |                 |  |              | I  |           |
|   | 27            |   |              | ert tax. Attach Schedu   |  |                 |  |              | I  |           |
|   | 29            | Bet-amployed SEP  |              |                          | 28   |                 |  |              | I  |           |
|   | 29            | Bet-employed hea  |              |                          | . 29   |                 |  |              | I  |           |
|   | 30            | Penaty on early Wi  |              |                          | 30   |                 |  | 1            | I  |           |
|   | 31a           | Almony paid ib Re   | cipient's 5  | SN P                     | Ota  |                 |  |              | I  |           |
|   | 32            | FIA deduction   | Sepul de     |                          | 32   |                 |  |              | I  |           |
|   | 33            | Student loan intere   |              |                          | 33   |                 |  | 1            | I  |           |
|   | 34            | Tuition and Nea. At   |              |                          | 8900 35  |                 |  | 1            | I  |           |
|   | 36            |   |              | eduction. Attach Fort    | 1 36   |                 |  | 36           |  |           |
|   | 36            | Add lines 23 throug<br>Subtract line 36 to  |              | This is your adjusting   | とはいればないます。   |                 | 7.7.7  | 36           |  | 1         |

| Form (048 (2012                |         |  |             |  | 100      | Page                               |
|--------------------------------|---------|--|-------------|--|----------|------------------------------------|
|                                | 18      | Amount from line 37 (adjusted gross income)  | -           | - A  | 38       |                                    |
| ax and                         | 394     |  |             | Total boses<br>checked ► 39e   |          |                                    |
| redits                         |         | if your spouse itemizes on a separate return or you were a dust-stat   |             |  | 4        |                                    |
|                                | 40      | Itemized deductions from Schedule At or your standard dedu   |             |  | 40       |                                    |
| Standard<br>Deduction          | 41      | Subtract line 40 Yorn the 38   | coon 5      | me men marging   | 41       |                                    |
| People who                     | 42      | Exemptions. If the 38 is \$156,000 or less, multiply \$4,000 by the number of  |             | Otherwise was make princip   | -        |                                    |
| THOCH MY.                      | 40      | Taxable income. Subtract tine 42 from line 41, if line 42 to many  |             |  | 43       |                                    |
| oos on line<br>like or likb er | 44      | Tax itse instructions). Check if any from: a D Formss 8814 b   |             |  | 44       |                                    |
| who can be<br>damed as a       | 45      | Alternative minimum tax (see instructions). Attach Form 62s1   |             | 4412 6 LL  | 45       |                                    |
| depondent.                     | 46      | Excess advance premium tax credit repayment. Attach Form 890   |             |  | 46       |                                    |
| Wattactions.                   | 47      | Add tres 44, 45, and 40  | -           |  | 47       |                                    |
| All others:                    | 48      | Foreign tax gradit. Attach Form 1116 If required   | 48          | the state of the s | 100000   |                                    |
| Single or<br>Visited Ning      | 49      | Credit for shilld and dependent care expenses. Attach Form 2441  | 49          |  | -        |                                    |
| supprototy,                    | 50      | Education credits from Form 9863, line 19  | 50          |  | -        |                                    |
| Myrled filing                  | 51      | Retirement savings contributions credit. Attach Form 8880  | 51          |  | -        |                                    |
| parety or<br>Justinery         | 52      | Child tax credit. Attach Schedule 8812, if required.   | 62          |  | +        |                                    |
|                                | 50      | Residential energy credits. Attach Form 5695   | 53          |  |          |                                    |
| ndowjurt,<br>52,708            | 54      | Other credits from Form: a 0 0800 b 8801 c   | 54          |  |          |                                    |
| lead of<br>ousehold.           | 55      | Add knos 48 through 54. These are your total credits   | 24          |  | 86       |                                    |
| 8,360                          | 56      | Add then 46 through 54, These are your total credits.  Subtract line 85 from line 47, if line 85 is more than line 47, order | .0.         |  | 58       |                                    |
|                                |         |  | -0-         |  |          |                                    |
| 274                            | 57      | Self-employment tax. Attach Schedule SE  | 1           |  | 67       |                                    |
| Other                          | 50      | Unreported social security and Medicare tax from Form: a   |             | b 🗆 8919   | 50       |                                    |
| axes                           | 50      | Additional tax on FIAs, other qualified retirement plans, etc. Attach  | Form 6      | 119 K required   | 50       |                                    |
|                                | 50u     | Household employment taxes from Schedule H   | 4.5         | 13 15 17 1 1   | 60a      |                                    |
|                                | ь       | First-time homebuyer credit repayment. Attach Form \$405 if require  |             | 11 1 1 1 1 1 1   | 60h      |                                    |
|                                | 61      | Health care: individual responsibility (see instructions) Full-year  |             |  | 61       |                                    |
|                                | 62      | Taxes from: a [] Form 8989 b [] Form 8960 e [] Instructi   | ons: 4      |  | 62       |                                    |
|                                | 63      | Add free 58 through 62. This is your total tex   | -           |  | 63       |                                    |
| ayments                        | 64      | Federal income tax withheld from Forms W-2 and 1009  | 64          |  | -        |                                    |
| t you have a                   | 65      | 2017 estimated tax payments and amount applied from 2016 return  | 65          |  | -        |                                    |
| povition                       | 660     | Exerted income credit (EIC)  | 66a         |  | -        |                                    |
| hed, ortoch                    |         | Nortaxable combit pay election 666   |             |  | -        |                                    |
| cheduni EIC.                   | 67      | Additional child tox credit. Attach Schedule 9812  | 67          |  |          |                                    |
|                                | 66      | American apportunity credit from Form 8963, line 9   | 68          |  | -        |                                    |
|                                | 60      | Net premium tax credit. Attach Form 8962   | gp          |  | -        |                                    |
|                                | 70      | Amount paid with request for extension to file   | 70          |  | -        |                                    |
|                                | 71      | Expens social security and tier 1 RRTA tax withheld  | 71          |  |          |                                    |
|                                | 72      | Credit for federal tax on fuels. Attach Form 4136  | 72          |  |          |                                    |
|                                | 73      | Credit from Form: a [1] 2459 to [1] Resmal o [1] 8889 of [1]   | 73          |  |          |                                    |
|                                | 74      | Add lines 64, 65, 65a, and 67 through 73. These are your total p   |             |  | 74       |                                    |
| Refund                         | 75      | If line 74 is more than line 63, subtract line 63 from line 74. This   |             | The second secon | 75       |                                    |
|                                | 76a     | Amount of line 15 you want refunded to you. If Form 8868 is att  |             |  | 76a      |                                    |
| Throught free                  |         |  | ype:        | Checking Savings   |          |                                    |
| Action of Contrast             |         | Account number   |             |  |          |                                    |
| etructore.                     | 77      | Amount of line 76 you want applied to your 2019 entimated tax ➤  | 77          |  |          |                                    |
| Amount                         | 70      | Amount you owe. Subtract line 74 from line 63. For details on h  | ow to p     | ey, see instructions 🕨   | 78       |                                    |
| OU OWN                         | 79      | Estimated tax penalty (see instructions)   | 79          |  |          |                                    |
| hird Party                     |         | you want to allow another person to discuss this return with the I   | RS (544     |  |          | tplete below. No                   |
| Designee                       |         | spect Person to P  |             | Personalish  |          | 2 1 1 1 1 1 1                      |
| Man                            |         | net.  whether of people, I decises that I have exercised the return and accompanying actividuser a                           | nd interior | number (PD)  |          | hale the up the court and          |
| Sign                           | HERMAN  | dy fast all exhausts and examine of income i received studing the fee year. Sectoration of prep-                             | ew father   | then templayed is besset on all ref  | orselve. | d'which propose has any browled    |
| Here                           | , //Yes | ur signature Deta Your   | on speci    | ion  | Days     | ine phone number                   |
| control time<br>retructions.   | 1       |  |             |  |          |                                    |
| Street, or Group for           | . 19    | lover's signature. If a joint roture, both reset sign.   Date   Speci-   | HE'S 1810   | gatori .   | 2700     | ITS and you an Identity Protection |
| rour records.                  | Ti.     |  |             |  |          | interior                           |
| Paid                           | Fre     | Office property cere: Preparty's agosture  |             | Croite   |          | × □r FIN                           |
| reparer                        |         |  |             |  |          | employed                           |
| reparer<br>Ine Only            | Fee     | N'A raine - F  |             |  | Firm     | v.630 >-                           |
|                                |         |  |             |  |          |                                    |

| Filing status: Single M                       | arried filing jointly                               | Married filling | separately        | Head of household  | Qualifying          | widow(er)        |   |  |  |  |  |
|---|---|-----------------|-------------------|--|---------------------|------------------|---|--|--|--|--|
| Your first name and initial                   |   | Last name       | 9                 |  |                     |                  | Your soc  | ial security number                          |  |  |  |
| Your standard deduction: Som                  | eone can claim you                                  | s a dependent   | You'v             | were bom before Janua  | ry 2, 1954          | You a            | re blind  |  |  |  |  |
| If joint return, spouse's first name and      | initial   | Last name       | 9                 |  |                     |                  | Spouse's  | social security numbe                        |  |  |  |
|   | ne can claim your sp<br>itemizes on a separa        |                 |                   | Spouse was born bef<br>tus alien   | ore January 2, 1    | 954              |   | ear health care coverage<br>mpt (see inst.)  |  |  |  |
| Home address (number and street). If          | you have a P.O. box                                 | see instruction | S.                |  | A                   | pt. no.          | Presidenti<br>(see inst.)   | ial Election Campaign  You Spouse            |  |  |  |
| City, town or post office, state, and Z       | P code. If you have a                               | foreign address | s, attach Sch     | nedule 6.  |                     |                  |   | nan four dependents,<br>and ✓ here ►         |  |  |  |
| Dependents (see instructions): (1) First name | Last name   | (Z) 300         | zial security nur | nber (3) Relationshi   | p is you            | Child tax o      | CONTROL COMMUNICATION   | for (see inst.): Credit for other dependents |  |  |  |
|   |   |                 |                   | nying schedules and staten<br>Information of which prepared<br>Your occupation |                     | dge.             | - 5)  | nt you an Identity Protection                |  |  |  |
|   | Spouse's signature. If a joint return, both must si |                 |                   | Spouse's occupa  | Spouse's occupation |                  | If the IRS sent you an Identity Protection<br>PIN, enter it<br>here (see inst.) |  |  |  |  |
| Paid  | Preparer's name Preparer's signa                    |                 | ature             |  | PTIN F              |                  | m's EIN   | Check if:    3rd Party Designee              |  |  |  |
| Preparer ———                                  |   | Phone no.       |                   |  |                     | Self-employed    |   |  |  |  |  |
| Use Only Fim's name ▶                         |   |                 |                   |  | FILLING IN.         | Firm's address > |   |  |  |  |  |

| Form 1040 (2018)                        |        |  |  |  |  |     | Page 2 |
|---|--------|--|--|--|--|-----|--------|
|   | 1      | Wages, salaries, tips, etc. Attach For   | m(s) W-2   |  |  | 1   |        |
| Attach Form/si                          | 2a     | Tax-exempt interest  | 2a   | <b>b</b> Taxable in  | terest   | 2b  |        |
| W-2. Also attach                        | За     | Qualified dividends  | 3a   | <b>b</b> Ordinary d  | ividends   | 3b  |        |
| Form(s) W-2G and<br>1099-R if tax was   | 4a     | IRAs, pensions, and annuities .  | 4a   | <b>b</b> Taxable an  | nount  | 4b  |        |
| withheld.                               | 5a     | Social security benefits   | 5a   | <b>b</b> Taxable an  | nount  | 5b  |        |
|   | 6<br>7 | Total income. Add lines 1 through 5. Add a<br>Adjusted gross income. If you have<br>subtract Schedule 1, line 36, from lin | no adjustments to incom  | And the second s | and the second company and the second  | 7   |        |
| Standard<br>Deduction for—              | 8      | Standard deduction or itemized dedu  | 8  | -  |  |     |        |
| Single or married                       | 9      | Qualified business income deduction  | 9  |  |  |     |        |
| filing separately,<br>\$12,000          | 10     | Taxable income. Subtract lines 8 and   | 10   |  |  |     |        |
| Married filing<br>jointly or Qualifying | 933    | a Tax (see inst) (check if   | 10   |  |  |     |        |
| widow(er),<br>\$24,000<br>• Head of     |        | b Add any amount from Schedule 2   | And the state of t | The Article States of the Parish   |  | 11  |        |
|   | 12     | a Child tax credit/credit for other dependen   | 12   |  |  |     |        |
| household,<br>\$16,000                  | 13     | Subtract line 12 from line 11. If zero   | 13   |  |  |     |        |
| If you checked                          | 14     | Other taxes, Attach Schedule 4   | The state of the s |  | The state of the s | 14  |        |
| any box under<br>Standard               | 15     | Total tax. Add lines 13 and 14   |  |  |  | 15  |        |
| deduction,<br>see Instructions.         | 16     | Federal income tax withheld from Fo  |  |  |  | 16  |        |
| see instructions.                       | 17     | Refundable credits: a EIC (see inst.)  |  |  | The Administration of the Control of |     |        |
|   |        | Add any amount from Schedule 5   |  |  |  | 17  |        |
|   | 18     | Add lines 16 and 17. These are your  |  |  |  | 18  | j.     |
| Refund                                  | 19     | If line 18 is more than line 15, subtra-   | ct line 15 from line 18. This  | is the amount you overp  | aid .  | 19  | Į,     |
| neiulu                                  | 20a    | Amount of line 19 you want refunde   | d to you. If Form 8888 is at   | tached, check here .   |  | 20a |        |
| Direct deposit?                         | ь      | Routing number   |  | ► c Type: ☐ Checkin  | g Savings  |     |        |
| See Instructions.                       | d      | Account number   |  |  |  |     |        |
| g                                       | 21     | Amount of line 19 you want applied to  | your 2019 estimated tax  | ▶ 21   |  |     |        |
| Amount You Owe                          | 22     | Amount you owe. Subtract line 18 f   | rom line 15. For details on I  | now to pay, see instruction  | ns   | 22  |        |
|   | 23     | Estimated tax penalty (see instruction   | ns)  | . > 23   |  |     |        |

#### SCHEDULE 1 (Form 1040)

Department of the Treasury

### Additional Income and Adjustments to Income

OMB No. 1545-0074

► Attach to Form 1040.

Attachment Sequence No. 01 ► Go to www.irs.gov/Form1040 for instructions and the latest information. Internal Revenue Service Name(s) shown on Form 1040 Your social security number Additional 1-9b Reserved 10 Taxable refunds, credits, or offsets of state and local income taxes. Income 11 Alimony received Business income or (loss). Attach Schedule C or C-EZ Capital gain or (loss). Attach Schedule D if required, If not required, check here Other gains or (losses), Attach Form 4797 . . . . . . . . . Reserved 15b 16b Reserved 17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E. Farm income or (loss). Attach Schedule F . 18 19 20b Reserved Other income. List type and amount Combine the amounts in the far right column. If you don't have any adjustments to 22 income, enter here and include on Form 1040, line 6. Otherwise, go to line 23 Adjustments 23 23 to Income Certain business expenses of reservists, performing artists, 24 and fee-basis government officials, Attach Form 2106 . 25 Health savings account deduction. Attach Form 8889 . Moving expenses for members of the Armed Forces. Attach Form 3903 26 27 Deductible part of self-employment tax. Attach Schedule SE 28 Self-employed SEP, SIMPLE, and qualified plans . . . 29 Self-employed health insurance deduction . . . Penalty on early withdrawal of savings . . . . . 30 31a 31a Alimony paid b Recipient's SSN ▶ 32 33 Student loan interest deduction . . . . 34 Reserved 35 Reserved

### SCHEDULE 2 (Form 1040)

Department of the Treasury Internal Revenue Service

### Tax

Attach to Form 1040.

▶ Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074

2018

Attachment Sequence No. 02

| Name(s) sho | own on Form 10 | 40  | Your social security number |
|-------------|----------------|---|-----------------------------|
| Tax         | 38-44          | Reserved  | 38-44                       |
|             | 45             | Alternative minimum tax. Attach Form 6251   | 45                          |
|             | 46             | Excess advance premium tax credit repayment. Attach Form 8962                         | 46                          |
|             | 47             | Add the amounts in the far right column. Enter here and include on Form 1040, line 11 | 47                          |

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 71478U

Schedule 2 (Form 1040) 2018

## July 31, 2018 DO NOT FILE

### SCHEDULE 3 (Form 1040)

Nonrefundable Credits

OMB No. 1545-0074

2018

Department of the Treasury Internal Revenue Service ► Attach to Form 1040.

► Go to www.irs.gov/Form1040 for instructions and the latest information.

Attachment Sequence No. 03

| Name(s) shown on Form 1040 |    |  |      | Your social security number |  |  |
|----------------------------|----|--|------|-----------------------------|--|--|
| Nonrefundable              | 48 | Foreign tax credit. Attach Form 1116 if required                                     | . 48 |                             |  |  |
| Credits                    | 49 | Credit for child and dependent care expenses. Attach Form 2441                       | . 49 |                             |  |  |
| Oreans                     | 50 | Education credits from Form 8863, line 19  | . 50 |                             |  |  |
|                            | 51 | Retirement savings contributions credit. Attach Form 8880                            | . 51 |                             |  |  |
|                            | 52 | Reserved   | . 52 |                             |  |  |
|                            | 53 | Residential energy credit. Attach Form 5695  | . 53 |                             |  |  |
|                            | 54 | Other credits from Form a 3800 b 8801 c  | 54   |                             |  |  |
|                            | 55 | Add the amounts in the far right column. Enter here and include on Form 1040, line 1 | 2 55 |                             |  |  |

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 71480G

Schedule 3 (Form 1040) 2018

### DO NOT FILE

### SCHEDULE 4 (Form 1040)

Department of the Treasury Internal Revenue Service

### Other Taxes

► Attach to Form 1040.

▶ Go to www.irs.gov/Form1040 for instructions and the latest information.

2018

| internal Revenue Service |            | To to www.a.s.gov/a charton for allocations and the latest amountains.   | Sequence No. 04 |                           |  |
|--------------------------|------------|--|-----------------|---------------------------|--|
| Name(s) shown            | on Form 10 | 40   | Your            | social security number    |  |
| Other                    | 57         | Self-employment tax. Attach Schedule SE  | 57              |                           |  |
| Taxes                    | 58         | Unreported social security and Medicare tax from: Form a 4137 b 8919   | 58              |                           |  |
| Tuxoo                    | 59         | Additional tax on IRAs, other qualified retirement plans, and other tax-favored accounts. Attach Form 5329 if required | 59              |                           |  |
|                          | 60a        | Household employment taxes. Attach Schedule H  | 60a             |                           |  |
|                          | b          | Repayment of first-time homebuyer credit from Form 5405. Attach Form 5405 if required                                  | 60b             |                           |  |
|                          | 61         | Health care: individual responsibility (see instructions)  | 61              |                           |  |
|                          | 62         | Taxes from: a ☐ Form 8959 b ☐ Form 8960  c ☐ Instructions; enter code(s)   | 62              |                           |  |
|                          | 63         | Section 965 net tax liability installment from Form 965-A  |                 |                           |  |
| 80                       | 64         | Add the amounts in the far right column. These are your total other taxes. Enter here and on Form 1040, line 14        | 64              |                           |  |
| For Paperwo              | rk Reduct  | ion Act Notice, see your tax return instructions. Cat. No. 71481R  | Sc              | hedule 4 (Form 1040) 2018 |  |

### SCHEDULE 5 (Form 1040)

Department of the Treasury Internal Revenue Service

### Other Payments and Refundable Credits

Attach to Form 1040.

▶ Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074

Attachment Sequence No. 05

| Name(s) shown on F | orm 1040 |   | Your social security number |
|--------------------|----------|---|-----------------------------|
| Other              | 65       | Reserved  | 65                          |
| Payments           | 66       | 2018 estimated tax payments and amount applied from 2017 return   | 66                          |
|                    | 67a      | Reserved  | 67a                         |
| and                | b        | Reserved  | 67b                         |
| Refundable         | 68-69    |   | 68-69                       |
| Credits            | 70       | Net premium tax credit. Attach Form 8962  | 70                          |
|                    | 71       | Amount paid with request for extension to file (see instructions)   | 71                          |
|                    | 72       | Excess social security and tier 1 RRTA tax withheld   | 72                          |
|                    | 73       | Credit for federal tax on fuels. Attach Form 4136   | 73                          |
|                    | 74       | Credits from Form: a ☐ 2439 b ☐ Reserved c ☐ 8885 d ☐   | 74                          |
|                    | 75       | Add the amounts in the far right column. These are your total other payments and refundable credits. Enter here and include on Form 1040, line 17 | 75                          |

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 71482C

Schedule 5 (Form 1040) 2018

#### SCHEDULE 6 (Form 1040)

Foreign Address and Third Party Designee

OMB No. 1545-0074

2018 Attachment Sequence No. 05A

Department of the Treasury Internal Revenue Service Attach to Form 1040.

► Go to www.irs.gov/Form1040 for instructions and the latest information.

Name(s) shown on Form 1040 Your social security number Foreign Foreign country name Foreign postal code Foreign province/county Address Do you want to allow another person to discuss this return with the IRS (see instructions)? Yes. Complete below. No Third Party Personal identification number Designee's Phone Designee name > по. ▶

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 71483N

Schedule 6 (Form 1040) 2018

### August 13, 2018 DO NOT FILE

### (Form 1040)

#### **Itemized Deductions**

➤ Go to www.ins.gov/ScheduleA for instructions and the latest information.

OMB No. 1545-000 e 901Q

| Louis toaci   | F Go to rever #x.gov/ScheduleA for instructions and the latest information. ment of the Investory Internal information (in the Investory) Caution: If you are doining a net quartied deaster loss on Form 4884, see the instructions for the |   |               |                       | 2018 |  |  |
|---|--|---|---------------|-----------------------|------|--|--|
|   |  |   |               |                       |      |  |  |
| damage, shown on  | CONTROL TO HERE TO   | Your social security rus  | -             |                       |      |  |  |
| and the second  | COMP.  | 1,1440  |               | that some security is | -    |  |  |
| Medical<br>and<br>Dental<br>Expenses  | 2  | Caution: Do not include expenses reimbursed or paid by others.  Medical and dental expenses one maturations:  1 Exhot amount from Form yold, fine 7 2 Multiply law 7 by 7.5% (0.075)  | O             | 175E<br>175E          | I    |  |  |
| Taxes You<br>Paid   | 5<br>6   | Sustract are 3 from time 1. If time 3 is more than line 1, enter 40- State and local taxes. State and local mome taxes or general sales taxes. You may include either income taxes or general sales taxes or line 5a, out not both if you elect to include general sales taxes to take d of inclume states, check this box.  State and local personal property taxes Add times ou trokings on Either the smaller of time 5d or \$10,000 (\$5,000 if married filing separately).  Cother taxes. List type and amount   | 20:<br>LE     | 8                     |      |  |  |
|   |  | Add lines be and 6  |               | 7                     | 1    |  |  |
| Interest You<br>Paid<br>Castloo: You<br>Castloo: You<br>control of the American<br>debutter must be<br>included asso-<br>tratted paid<br>to the Constitution of the<br>tratted paid | d t  | Home mortgage interest and points. If you didn't use all of your home, home mortgage loanist to buy, build, or improve your home, see instructions and check this box.  Home mortgage interest and points reported to you on Form 1998.  Home mortgage interest not reported to you on Form 1998. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying no., and address >  Doints not reported to you on Form 1998. See instructions for special rules.  Breaseved: Add lines & through 6c investment interest. Attach Form 4952 if required. See instructions. | 6             | 10                    |      |  |  |
|   |  | Giffs by cash or check. If you made any gift of \$250 or more.  |               | 10                    | -    |  |  |
| Charity  I you made a pit and get a south for a.  | 12   | see instructions 11 Other than by cash or check, if any gift of \$250 or more, see instructions. You must attach Form 8283 if over \$500 : 12 Carryover from prior year 43 Add lines 11 through 13  |               | 14                    |      |  |  |
|   | _  | Casualty and theft loss(es) from a federally declared disaster tother than disaster losses. Attach Form 4694 and enter the amount from line 18 of this instruction.   | nat form. See | 15                    |      |  |  |
| Other<br>Nemized<br>Deductions  | 16   | Other – from list in instructions. Ust type and amount. ▶   |               | 16                    | Ī    |  |  |
| Total<br>Itemized   | 17   | Add the amounts in the far right column for lines 4 through 16. Also, enter th Form 1040, line 8  | is amount on  | 17                    |      |  |  |
| Deductions  | 18   | If you elect to itemize deductions even though they are less than your sideduction, check here  | tandard       |                       |      |  |  |
|   |  |   |               |                       |      |  |  |

### **●**CBS NEWS

### Millions of taxpayers could wind up owing for 2018

Ray Martin

21 hrs ago

### Government debuts new postcard-sized 1040 income tax form

The tax law passed late last year included slews of changes that will have wide impacts across the U.S. Among them is a likely jump in the numbers of Americans who'll owe taxes when they file 2018 returns. The Government Accountability Office (GAO) recently issued a reportwarning that more than 4.5 million taxpayers will come up short next April, unless they act now to adjust their withholding amounts.

This is because the tax law limited or even eliminated many itemized deductions claimed by millions of taxpayers -- nearly 28 million of them for 2017. The biggest contributors to this are the new limits on tata and least tax deductions (the SALT deductions) a restriction on

### Hold everything: What clients need to know about new withholding rules

By Jeff Stimpson Published August 28 2018, 8:51am EDT

More in Tax reform, Trump tax plan, Tax forms

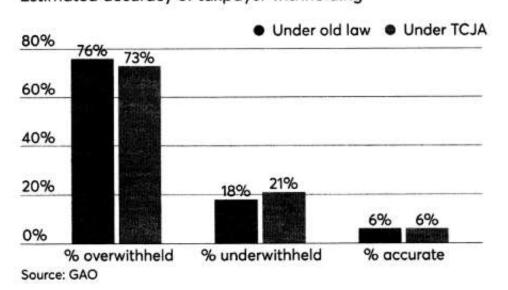
Some clients, it now seems certain, will feel one of the Tax Cuts and Jobs Act's most significant changes for 2018 in the spring of 2019: sticker shock on their tax bill or refund. And it also seems certain that preparers can do only so much warning.

"Taxpayers have *not* looked at their withholding for 2018. I've promoted them doing a tax check-up [but] many are going to be upset at the end of the year when they don't get a bigger refund or actually owe," said Marilyn Meredith at Michigan-based Meredith Tax Service.

### Many under-withhold

More than one in five taxpayers will under-withhold their taxes in 2018 under changes mandated by the TCJA, according to a recent report from the federal Government Accountability Office — though the number of under-withheld taxpayers under the new law is only three percentage points higher than the GAO estimate of what it would have been under previous law (18 percent).

### A few more surprises come tax time Estimated accuracy of taxpayer withholding





# Employees with other sources of income should do a Paycheck Checkup

IRS Tax Reform Tax Tip 2018-141, September 11, 2018

The IRS urges everyone who works as an employee and who also has income from other sources to perform a Paycheck Checkup now. For example, certain individuals often need to pay estimated or additional tax. This includes taxpayers who have certain types of income from the sharing economy, interest, dividends, self-employment, capital gains, or prizes and awards. A Paycheck Checkup can help these taxpayers avoid an unexpected year-end tax bill and possibly a penalty when they file their 2018 tax return next year.

September 17, 2018

Dear Clients and Friends,

As a result of 2017's Tax Cuts and Jobs Act, tax returns for 2018 will look dramatically different from prior years. No exemptions for taxpayers or dependents and a higher standard deduction are just two of the major changes for 2018.

The 2017 Tax Cuts and Jobs Act contains the most sweeping changes in 30 years. Tax cuts in federal withholding that were put into place earlier this year will affect most taxpayers.

According to a recent study by the Government Accounting Office, 21% of all Americans will be underpaid on their 2018 tax returns! The IRS has repeatedly told taxpayers to use their site's withholding calculator to check their withholding. The everage American is not able to answer the questions accurately. This will cause people to be short paid on their return.

How did this happen? The new IRS tax tables do not account for all of the changes in the returns. An average American basically has to prepare their income tax return in order to review withholdings.

If you want to review your tax situation BEFORE the end of the year, we will be happy to run a detailed tax projection for you. In order to do so, please contact our office and we can help prepare you for the upcoming filling season and make sure you are not caught in a penalty situation!

We will be having a seminar addressing the major changes to the tax law for 2018 on Thursday, November 15th at 7 p.m. at the Oakland County Schools Conference Center. Be sure to mark your calendars and watch for your invitation to arrive. The seminar will give you the opportunity to ask questions and better understand how the new tax laws will affect you.

Brian R. Weiland, CPA

Michael S. Ullom, CPA

withholding.

### **General Instructions**

If you aren't exempt, follow the rest of these instructions to determine the number of withholding allowances you should claim for withholding for 2018 and any additional amount of tax to have withheld. For regular wages, withholding must be based on allowances you claimed and may not be a flat amount or percentage of wages.

You can also use the calculator at www.irs.gov/W4App to determine your tax withholding more accurately. Consider

For Privacy Act and Paperwork Reduction Act Notice, see page 4.

Or, you can use the Deductions,
Adjustments, and Other Income Worksheet
on page 3 or the calculator at www.irs.gov/
W4App to make sure you have enough tax
withheld from your paycheck. If you have
pension or annuity income, see Pub. 505 or
use the calculator at www.irs.gov/W4App
to find out if you should adjust your
withholding on Form W-4 or W-4P.
Nonresident alien. If you're a nonresident

alien, see Notice 1392, Supplemental Form W-4 Instructions for Nonresident Aliens, before completing this form.

earned by a spouse, during the year.

Line F. Credit for other dependents.

When you file your tax return, you might be eligible to claim a credit for each of your dependents that don't qualify for the child tax credit, such as any dependent children age 17 and older. To learn more about this credit, see Pub. 505. To reduce the tax withheld from your pay by taking this credit into account, follow the instructions on line F of the worksheet. On the worksheet, you will be asked about your total income. For this purpose, total income includes all of

Form W-4 (2018)

|  |   | <ul> <li>Separate here and gi</li> </ul>                     | ve Form W-4 to your                       | employer. Keep the wor  | rksheet(s) for your re                          | cords               |                                   |  |
|--|---|--|---|---|---|---------------------|-----------------------------------|--|
| Form W-4 Department of the Treasury Internal Revenue Service |   | ► Whether you're ent   | itled to claim a certain n                | ing Allowance<br>umber of allowances or ex-<br>nay be required to send a c  | emption from withholdi                          | ng is               | OMB No. 1545-0074<br>20 <b>18</b> |  |
| 1  | Your first name a                         | nd middle initial  | Last name                                 |   | 2   | Your social se      | curity number                     |  |
| <del>-</del>   | Home address (n                           | umber and street or rural rout                               | 9)  | Single Married Married, but withhold at higher Single rate.  Note: If married filing separately, check "Married, but withhold at higher Single rate." |   |                     |                                   |  |
| *  | City or town, stat                        | e, and ZIP code  |   | 99775 EEE   | differs from that show<br>must call 800-772-121 |                     | C 0506 50.04_28                   |  |
| 5  | Total number                              | of allowances you're cla                                     | ming (from the applic                     | able worksheet on the f   | following pages)                                | E                   | 5                                 |  |
| 6  | Additional am                             | ount, if any, you want wi                                    | thheld from each pay                      | check   |   | 6                   | \$ \$                             |  |
| 7  | I claim exemp                             | tion from withholding for                                    | 2018, and I certify th                    | at I meet both of the fol   | llowing conditions fo                           | r exemption.        |                                   |  |
|  | <ul> <li>Last year I h</li> </ul>         | ad a right to a refund of                                    | all federal income tax                    | withheld because I had  | no tax liability, and                           | 100                 |                                   |  |
|  | <ul> <li>This year I e</li> </ul>         | xpect a refund of all fede                                   | eral income tax withhe                    | eld because I expect to   | have no tax liability.                          |                     |                                   |  |
|  | If you meet bo                            | oth conditions, write "Exe                                   | empt" here                                |   | 7   |                     | 38                                |  |
| Under  | penalties of per                          | ury, I declare that I have e                                 | xamined this certificate                  | and, to the best of my k  | nowledge and belief,                            | it is true, com     | ect, and complete.                |  |
| Emplo  | oyee's signature                          |  |   |   |   |                     |                                   |  |
|  |   | unless you sign it.) ▶                                       |   |   | Dat   | te ►                |                                   |  |
| 8 Er   | mployer's name an<br>oxes 8, 9, and 10 if | d address (Employer: Comple<br>sending to State Directory of | te boxes 8 and 10 if sendi<br>New Hires.) | ng to IRS and complete  | 9 First date of<br>employment                   | 10 Employ<br>number | er identification<br>(EIN)        |  |

Cat. No. 10220Q

### **Journal of Accountancy**

### AICPA: 2019 Form W-4 needs to be simplified

By Sally P. Schreiber, J.D. July 12, 2018

The AICPA's Tax Executive Committee sent a <a href="letter">letter</a>
<a href="mailto://www.aicpa.org/content/dam/aicpa/advocacy/tax/downloadabledocuments/20180712-aicpa-comment-letter-on-draft-2019-form-w-4.pdf">letter-on-draft-2019-form-w-4.pdf</a>) to the IRS on Thursday, <a href="urging the Service to simplify the proposed draft-2019-form-w-4.pdf">urging the Service to simplify the proposed draft-2019-form-w-4.pdf</a>) to the IRS on Thursday, <a href="urging the Service to simplify the proposed draft-2019-form-w-4.pdf">urging the Service to simplify the proposed draft-2019-form-w-4.pdf</a>) to the IRS on Thursday, <a href="urging the Service to simplify the proposed draft-2019-form-w-4.pdf">urging the Service to simplify the proposed draft-2019-form-w-4.pdf</a>) to the IRS on Thursday, <a href="urging the Service to simplify the proposed draft-2019-form-w-4.pdf">urging the Service to simplify the proposed draft-2019-form-w-4.pdf</a>) to the IRS on Thursday, <a href="urging-traft-2019-form-w-4.pdf">urging the Service to simplify the proposed draft-2019-form-w-4.pdf</a>) to the IRS on Thursday, <a href="urging-traft-2019-form-w-4.pdf">urging the Service to simplify the proposed draft-2019-form-w-4.pdf</a>) to the IRS on Thursday, <a href="urging-traft-2019-form-w-4.pdf">urging the Service to simplify the proposed draft-2019-form-w-4.pdf</a>) to the IRS on Thursday, <a href="urging-traft-2019-form-w-4.pdf">urging the Service to simplify the proposed draft-2019-form-w-4.pdf</a>) and <a href="urging-traft-2019-form-w-4.pdf">urging traft-2019-form-w-4.pdf</a>) to the IRS on Thursday, <a href="urging-traft-2019-form-



### IRS Statement on Form W-4

Following feedback from the payroll and tax communities, the Treasury Department and the IRS will incorporate important changes into a new version of the Form W-4, Employee's Withholding Allowance Certificate, for 2020. The 2019 version of the Form W-4 will be similar to the current 2018 version. A new draft version of the W-4 for 2019 will be available in the coming weeks.

The IRS will continue working closely with the payroll and the tax community as it makes additional changes to the Form W-4 for use in 2020. The new version will help employees improve withholding accuracy, and fully reflect changes included in the Tax Cuts and Jobs Act.

For the current 2018 tax year, the IRS continues to strongly urge taxpayers to review their tax withholding situation as soon as possible to avoid having too little or too much withheld from their paychecks. Click here to perform a quick "paycheck checkup" using the IRS withholding calculator.





### Delay for Start of the 2019 Filing Season

#### Cross References

TIGTA Report Dated September 25, 2018

The Treasury Inspector General for Tax Administration (TIGTA) has issued a report stating that the 2019 tax filing season will likely be delayed due to IRS under staffing issues.

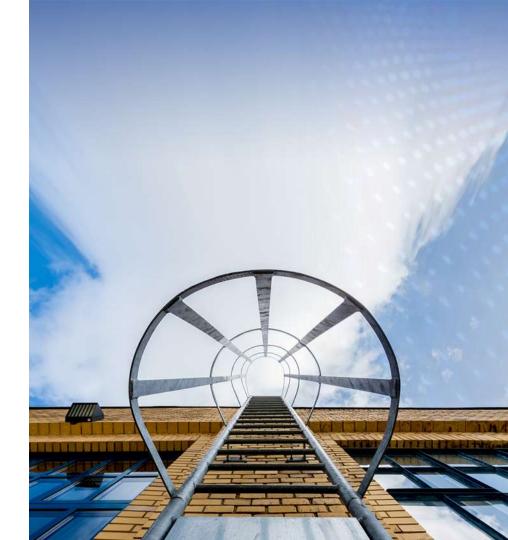
The IRS received \$320 million to implement the changes made by the Tax Cuts and Jobs Act (TCJA), allocating \$291 million it estimated would be needed for the information technology and ancillary operations support work. TIGTA calculated it would take more than 1.1 million labor hours based on the IRS's estimate of 542 full-time equivalent employees to implement the tax provisions contained in TCJA. The IRS plans to use current and new employees to meet these needs. As of June 2018, 117 current and new employees have been hired and entered on duty to meet these needs.

Due to the lengthy process to hire employees or bring contractors onboard, the TIGTA report says positions might not be quickly filled causing risk to the timelines of the information technology updates. Delays in updating, modifying, and testing these technology systems increases the risk of a delayed start of the 2019 filing season.

| TCJA | Tax Cuts & Jobs Act                | QBI  | Qualified Business Income                      |
|------|------------------------------------|------|--|
| AMT  | Alternative Minimum Tax            | PTP  | Publicly Traded Partnership                    |
| EBL  | Excess Business Losses             | REIT | Real Estate Investment Trust                   |
| GVWR | <b>Gross Vehicle Weight Rating</b> | RMD  | Required Minimum Distribution                  |
| HEI  | Home Equity Indebtedness           | RPE  | Relevant Passthrough Entity                    |
| HSA  | Health Savings Account             | SSTB | Specialized Service Trade or Business          |
| NOL  | Net Operating Loss                 | UBIA | Unadjusted Basis Immediately After Acquisition |
| OZF  | Opportunity Zone Fund              | BRW  | Brian R. Weiland and Associates P.C.           |
| QAI  | Qualified Acquisition Indebtedness | GAO  | Do You know what this Stands for?              |

### Many changes!

- Generally effective after 12/31/17
- Most changes are temporary
  - Sunset after 2025
- Guidance is needed
- Future legislation?
- State conformity to changes?



### The basics

- · Still seven tax brackets
  - 10%, 12%, 22%, 24%, 32%, 35%, 37%
- No more dependent exemption
- Higher child tax credit (\$2,000)
  - New \$500 non-child dependent credit
  - Refundable credit \$1,400
  - MFJ phase out begins at \$400,000
- Increase in standard deduction
  - -\$12,000 \$18,000 \$24,000
  - PLUS \$1,300 \$1,600
- Individual AMT not repealed
  - But exemption amounts have increased



### Dividend and capital gains rates unchanged

 The top tax bracket for qualified dividends and capital gains is 20% (23.8% if the net investment income tax applies).

Here's the breakdown:

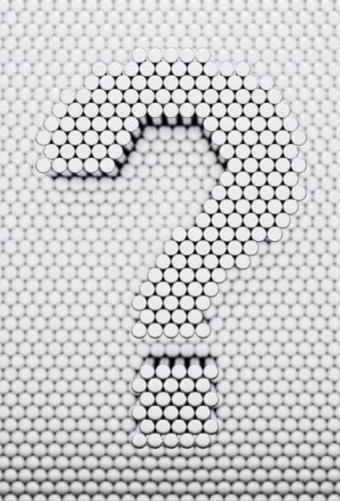
0% for MFJ taxpayers with < \$77.2k taxable income

15% for MFJ taxpayers with between \$77.2k and \$479k taxable income

20% for MFJ taxpayers with taxable income greater than \$479k

### 2018 Tax Rates

| MFJ | 0       | 19,050      | 10% |
|-----|---------|-------------|-----|
|     | 19,050  | 77,400      | 12% |
|     | 77,400  | 165,000     | 22% |
|     | 165,000 | 315,000     | 24% |
|     | 315,000 | 400,000     | 32% |
|     | 400,000 | 600,000     | 35% |
|     | 600,000 | 999,999,999 | 37% |
| S   | 0       | 9,525       | 10% |
|     | 9,525   | 38,700      | 12% |
|     | 38,700  | 82,500      | 22% |
|     | 82,500  | 157,500     | 24% |
|     | 157,500 | 200,000     | 32% |
|     | 200,000 | 500,000     | 35% |
|     | 500,000 | 999,999,999 | 37% |
| НОН | 0       | 13,600      | 10% |
|     | 13,600  | 51,850      | 12% |
|     | 51,850  | 133,850     | 22% |
|     | 133,850 | 216,700     | 24% |
|     | 216,700 | 424,950     | 32% |
|     | 424,950 | 453,350     | 35% |
|     | 453,350 | 999,999,999 | 37% |
| MFS | -       | 9,525       | 10% |
|     | 9,525   | 38,700      | 12% |
|     | 38,700  | 82,500      | 22% |
|     | 82,500  | 157,500     | 24% |
|     | 157,500 | 200,000     | 32% |
|     | 200,000 | 300,000     | 35% |
|     | 300,000 | 999,999,999 | 37% |
|     |         |             |     |



### Itemized deductions changes

- Repeal of the overall limitation on itemized deductions
- Medical deduction threshold is 7.5% for 2017 & 2018
  - Reverts to 10% starting in 2019
- Mortgage interest limited to \$750k of debt
  - Debt prior to 12/15/17 is grandfathered
- Home equity interest no longer deductible
- State and local tax deduction is limited to \$10k (\$5k if MFS)
  - Exceptions to \$10k Limit
    - Tax imposed at entity level
    - Property taxes for residential rental property/business property
- AGI limitation increased to 60% for cash contributions (from 50%)

### Misc. itemized deductions subject to 2% AGI

- Investment fees/expenses
- Unreimbursed employee expenses
- Hobby expenses
- Legal fees related to producing income
- Safe deposit fee
- Tax prep fees ("A" only)

...are no longer deductible

Gambling losses (to extent of gambling income) are a non 2% itemized deduction (can you itemize?)

### Ways to increase deductions

- Property Taxes (if under \$10k)
- Mortgage Payments (11 vs. 13)
- Charitable (Donor Advised Funds)

| SCHEDULE A<br>(Form 1040)  |      | htemized Deductions  ➤ Go to www.ks.gov/ScheduleA for instructions and the latest information.  |   |              | 2017          |  |  |
|--|------|---|---|--------------|---------------|--|--|
| Capacinant of the Tex  | WY.  |   | observe for   | STREET, SEC  | pieros tes 07 |  |  |
| hand heates (#10<br>hand) stool of Far   | n Re |   |   | Your world o | entry runter  |  |  |
| Single   |      |   |   |              |               |  |  |
| and the second   | _    | Control of the contro  | 100   |              |               |  |  |
| Medical  |      | Caution: Do not include expenses rembursed or paid by others.   |   |              |               |  |  |
| and  | 2.   | Medical and dental expenses (see instructions)  |   |              |               |  |  |
| Dental   | 2    | Enter amount from Form 1040, line 38  | wwins pow/ScheduleA for instructions and the latest information.  P. Artach to Form 1040.  Externo a religional deather loss an Form 4064, see the subscitions for line 16  expenses remoturated or paid by others.  Instructions (see instructions)  1.1010, line 38  2.1.1010, line 38  2.1.1010, line 38  2.1.1010, line 38  2.1.1010, line 38  3.1.1010, line 38  4.1.728.  Instructions)  4.1.728.  Instructions)  5.1.1010, line 38  2.1.1010, line 38  2.1.1010, line 38  3.1.728.  Instructions)  5.1.1010, line 38  4.1.728.  Instructions (see instructions)  5.1.1010, line 38  1.1010, line |              |               |  |  |
| Expenses   |      | Maria and American  |   |              |               |  |  |
|  | 3    | Multiply line 2 by 7.5% (ILD75)   | -   | - 4          |               |  |  |
| Taxes You  | ٠    | Supplied the 3 from tire 1. If the 3 is more than tire 1, writer 0  | TT  |              |               |  |  |
| Paid   | ۰    | State and local (sheck only one box):   | 1.  | 4.728        |               |  |  |
| Paid   |      | s X Income taxes, or  | 1   | 41.1651      |               |  |  |
|  |      | b General sales taxes J   |   | 4.132.       |               |  |  |
|  |      | Real estate taxes (see instructions)  |   | 4,234.       |               |  |  |
|  | 7    | Personal property taxes   |   |              |               |  |  |
|  |      | Other taxes. List type and ensurif. ▶   |   |              |               |  |  |
|  |      |   | -   | - 1          | 8.860         |  |  |
| Interest   | 9    | Add lines 5 through 8   | t and points reported to you on Form 1098 90  |              |               |  |  |
| You Paid   | 10   | Home mortgage interest and points reported to you on Form 1098. Home mortgage interest not reported to you on Form 1096, if paid to the person from whome you bought the negret, see instructions and show that person's name, identifying no , and address.  | Ĩ   |              |               |  |  |
| NI DESCRIPTION OF THE PROPERTY |      |   |   |              |               |  |  |
| Your mortgage  |      |   | -   | -            |               |  |  |
| interest   | 15   |   |   |              |               |  |  |
| deduction may<br>be limited (see   | 13   | Mortgage traurance premiums (see instructions)  |   |              |               |  |  |
| instructions)  | 14   |   | 1141  | 146          | 7.650         |  |  |
| CIR. L.  | 38   | Add lines 10 through 14   | 100   | 100          | 1,000         |  |  |
| Gifts to<br>Charity  |      |   | 1   |              |               |  |  |
|  | -17  |   | 177   |              |               |  |  |
| if you made a gift and got a   | 0.0  | You must stach Form 8283 if over \$500  |   |              |               |  |  |
| benefit for it.  | 16   |   | 10.   | 100          |               |  |  |
| are instructions   |      | Add lines 16 through 18   | i and   |              |               |  |  |
| Casualty and<br>Theit Losses   | 200  |   | -   | 20           |               |  |  |
| -  | -    |   | 1/1   |              |               |  |  |
|  | 21   | Attach Form 2106 or 2106 EZ if required. See instructions.  | 150   |              |               |  |  |
| Theft Losses Job Expenses and Certain Miscellaneous  |      | ACCIDENT FOR \$100 OF \$100 CE II INQUESTS ON THE VISION IN   | 100   |              |               |  |  |
| Deductions   |      |   | 21  |              |               |  |  |
|  | -    | Tap preparation Ness  |   |              |               |  |  |
|  |      |   | 100   |              |               |  |  |
|  | -    | COST OFFICE AND ADDRESS OF THE TAXABLE PROPERTY.  |   |              |               |  |  |
|  |      |   | 20  |              |               |  |  |
|  |      |   | 24  |              |               |  |  |
|  | 24   | 7.00, 7.00, 6.00, 7 | 100   |              |               |  |  |
|  |      | Enter amount from Form 1040, line 38 25   | -   |              |               |  |  |
|  | 26   | The design of the self-to-to-to-to-to-to-to-to-to-to-to-to-to-  | LARL  | 27           |               |  |  |
|  |      | Subtract line 25 from line 24. If line 26 is more than line 24, enter O   | -   | - Ar         |               |  |  |
| Other<br>Miscellaneous<br>Deductions   | 26   | Other-trom list in instructions. List type and amount >   |   |              |               |  |  |
|  | -    | In Comm. 10-00. Sec. 28. Acres \$100.0000   |   | 20           |               |  |  |
|  | 29   | is Form 1040, line 35, over \$155,9001  X No. Your deduction is not limited. Add the amounts in the far right column.   | 3   |              |               |  |  |
| Total  |      | for lines 4 through 28. Also, enter this amount on Form 1040, line 40.  | 1   | 29           | 16,510        |  |  |
| Itemized   |      | Yes, Your deduction may be limited. See the Remized Deductions  |   |              | 20.00         |  |  |
| Deductions   |      | Worksheet in the instructions to figure the amount to enter.  | 1   |              |               |  |  |
| Deductions   | -    | If you elect to fluorite deductions even though they are less than your standard do   | et erfore   |              |               |  |  |

LHA THEST STATE FOR Paperwork Reduction Act Notice, see the Instructions for Form 1040.

Schedule A (Form 1040) 2017

| A  | Itemized Deductions   |  |  | 2018   |   |
|--|---|--|--|--|---|
| Form 1040)  • Go to www.irs.gov/Schedules for instructions and the latest information of the latest information of the latest latest representation of the latest l |   |  |  | 4  | CO IO   |
| 3  | Caution: I now are plaining a net qualified dessiter loss on Form (00%, see the i   | minut  | tions for him 28   | -  | heparine to Q7  |
| 7.0  |   |  | 0.2  | 7,70   |   |
|  |   |  |  |  | 10  |
|  | Caution: Do not include expenses remoursed or paid by others.   | П  |  |  |   |
| 10   | Medical and dental expenses (see instructions)  | 1  |  | _  |   |
| 2  | Enter amount from Form 1040, line 38  |  |  |  |   |
|  |   | 100  |  | - 1  |   |
| 3  | Multiply line 2 by 7.6% (0.075)   | 3  |  |  |   |
| 4  | Subtract line 3 from line 1. If line 3 is more than line 1, enter O   | -  |  | 4  |   |
| 6  | State and local (oheck only one box):   | LI   |  |  |   |
|  |   |  | 4,72   | 8.   |   |
|  |   | 1.1  | 2000   |  |   |
|  |   |  | 4,13   | 12.  |   |
| 7  | Personal property taxes   | 7  |  | _  |   |
|  | Other taxes. List type and amount. >  | 120  |  |  |   |
|  |   |  |  | -  | 680-54020   |
| 9  | Add lines 5 through 6 firnited to \$10,000 (non-MFB) or \$5,000 (MFB);  | -  |  | 9  | 8.860.  |
| 10   | Home mortgage interest and points reported to you on Form 1098  | 13   | 7,65   | .0   |   |
| 111  | nome mortgage interest not reported to you on Form 1096. If paid to the<br>person from whom you bought the home, see instructions and show that | 1  |  | ~~1  |   |
|  | person's name, identifying no., and acciress.   |  |  | - 1  |   |
|  |   | м  |  | - 1  |   |
|  |   | 33   |  |  |   |
| 18   | Points not reported to you on Form 1098. See instructions for special rules   | 12   |  | _  |   |
| 13   | Mortgage insurance premiums   | 13   |  | _  |   |
| 14   | Investment interest. Attach Form 4952 if required. See instructions   | 34   |  | _  |   |
| 18   | Add lines 10 through 14   |  |  | 15   | 7,650,  |
| 10   | Diffs by cash or check. If you made any gift of \$250 or more, see instructions   | 16   |  | _  |   |
| 17   | Other than by cash or check, If any gift of \$250 or more, see instructions.  | ш  |  | - 1  |   |
|  | You must attach Form 8283 if over \$500   | 17   |  | _  |   |
| 18   | Carryover from prior year   | 18   |  | _  |   |
| 19   | Add lines 16 through 18   |  |  | 196  |   |
|  | Ceausity or theft lossless other than not qualified disaster losses. Attach Form /  | 664 a  | and .  | 103  |   |
| 20   | enter the amount from the 18 of that form. See instructions   | -  |  | 20   |   |
| 21   | Unreimbursed employee expenses - job traval, union dues, job education, etc.  | 1.0  |  |  |   |
|  | Attach Form 2106 or 2106 EZ if required. See instructions. >  |  |  |  |   |
|  |   | 133  |  | v:   |   |
|  |   | 21   | N/A for 201  | 0  |   |
| 22   | Tax preparation fees  | 22   | NUA for 201  | 8  |   |
| 23   | Other expenses - investment, safe deposit tiox, etc. List type and amount   |  |  |  |   |
|  |   |  |  | - 1  |   |
|  |   |  |  | - 1  |   |
|  |   | 23   | N/A for 201  | 8  |   |
| 24   | Add lines 21 through 23   | 24   | N/A for 201  | 0  |   |
| 25   | Enfor amount from 1040, line 38 25 N/A for 2018   |  |  |  |   |
| 20   | Multiply line 25 by 2% (0.00)   | 20   | N/A for 201  | 0  |   |
| 27   | Subtract line 26 from line 24. If line 26 is more than line 24, enter 4   |  |  | 27   | N/A for 2018  |
| 28   | Other - from Ret in Instructions. List type and amount >  |  |  |  |   |
|  |   |  |  |  |   |
|  |   |  |  |  |   |
|  |   |  |  |  |   |
|  |   |  |  | 28   |   |
|  | SOURCE CONTROL CONTRACTOR CONTROL CONTROL CONTROL   |  |  |  |   |
|  |   |  |  |  |   |
| 29   | Add the amounts in the far right column for lines 4 through 26.   |  |  | ы  |   |
| 29   | Add the amounts in the far right column for lines 4 through 26.<br>Also, enter this amount on Form 1040, Ins 40                                 |  |  | 29   | 16,510.   |
|  | 1 2 3 4 6 6 7 8 9 911 10 10 10 10 10 10 10 10 10 10 10 10 1   | Caution: Do not include expenses are outside desaste loss on two 1909, see that Caution: Do not include expenses are outsided desaste loss on two 1909, see that Caution: Do not include expenses (see individence)  Caution: Do not include expenses (see individence)  Enter amount from Form 1940, fire 38  3 Multiply of 2 by 7.5% (9.005)  5 State and local (otherck only one boot)  a | Caution: Do not include expenses membursad or paid by others.  Caution: Do not include expenses membursad or paid by others.  Medical and dental expenses (see instructions)  Enter amount from Form 1040, five 38  3 Multiply at 2 by 7 56, 19.015)  Subtreat like 3 from like 1. If See 3 is more than like 1, ander 5  5 state and local (other kny one book)  a 1 income beaus, or 5  Chier book. List type and amburs 1  Add lines 5 though 6 dented is \$10,000 from MFSI or \$5,000 MFSI  Home mortgage interest not reported by you on Form 1060, 19  Home mortgage interest not reported by you on Form 1068, glad to the person from whom you bought the horre, see instructions and show that operand nor whom you bought the horre, see instructions and show that operand nor man, knowlinging, in a normal point of the person from whom you bought the horre, see instructions and show that operand normal knowlinging instruction or reported to you on Form 1060.  Points not reported to you on Form 1068. See instructions for special rules 13  And lines 10 through 14  Points not reported to you on Form 1068. See instructions for special rules 14  Investment chosest. Afford Form 4582 of required. See instructions 14  Investment chosest. Afford Form 4582 of required. See instructions 14  Investment chosest. Afford Form 4582 of required. See instructions 14  Investment chosest. Afford Form 4582 of required. See instructions 15  Add lines 10 through 14  Calculation the form 5003 of one 5000 17  Substance the 5 through 15  Calculation from 5000 of the 5000 17  Substance the 5000 of the 5000 17  Add lines 15 through 18  Calculation from 5000 of the 5000 17  Add lines 21 through 18  Calculation from 5000 of the 5000 17  Add lines 21 through 28  Enter amount from Form 1040, line 36  Multiply and 25 by 26 (0.00)  20  Substance the 50 from 1040, line 36  Multiply and 25 by 26 (0.00)  21  Substance the 26 from 1040, line 36 1000 1000 1000 1000 1000 1000 1000 1 | Decision: Do not include expenses reimbursed or paid by others.  Caution: Do not include expenses reimbursed or paid by others.  Caution: Do not include expenses reimbursed or paid by others.  Medical and detail expenses like inductions)  Enter amount from Form 1040, fire 38  Multiply rine 2 by 1 595 to 5075  Sobtes like 3 from line 3.1 Fine 3 is more than line 3, artist 5.  State and local (objects only one book  Enter amount from Form 1040, fire 38  Multiply rine 2 by 1 595 to 5075)  Sobtes like 3 from line 3.1 Fine 3 is more than line 3, artist 5.  Sobtes like 3 from line 3.1 Fine 3 is more than line 3, artist 5.  Sobtes like 3 from line 4.1 Fine 3 is more than line 3, artist 5.  Sobtes like 3 from line 4.1 Fine 3 is more than line 3, artist 5.  Autility rine 2 by 7 595 to 5075  Autility rine 2 by 7 595 to 5 | Decision: Do not include expenses reimbursed or paid by others.  Caution: Do not include expenses reimbursed or paid by others.  Caution: Do not include expenses reimbursed or paid by others.  Medical and dental expenses like inductions)  Enter amount from Form 1040, line 38  3 Multiply line 2 by 7 595 6 5075;  Sobtes line 3 from line 1.1 Fine 3 is more than line 3, artist 5  5 State and local (objects only one book  a Multiply line 2 by 7 595 6 5075)  5 Sobtes line 3 from line 1.1 Fine 3 is more than line 3, artist 5  6 State and local (objects only one book  a Multiply line 2 by 7 595 6 5075)  7 Personal sizes taxes  6 Real estate taxes lipse instructions;  9 Add lines 5 imagels 6 firsted to \$10,000 from MFSI or \$5,000 fold Size  9 Add lines 5 imagels 6 firsted to \$10,000 from MFSI or \$5,000 fold Size  9 Add lines 5 imagels 6 firsted to \$10,000 from MFSI or \$5,000 fold Size  9 Add lines 5 imagels 6 firsted to \$10,000 from MFSI or \$5,000 fold Size  9 Add lines 5 imagels 6 firsted to \$10,000 from MFSI or \$5,000 fold Size  9 Add lines 5 imagels 6 firsted to \$10,000 from MFSI or \$5,000 fold Size  9 Add lines 5 imagels 6 firsted to \$10,000 from MFSI or \$5,000 fold Size  9 Add lines 5 imagels 6 firsted to \$10,000 from MFSI or \$5,000 fold Size  10 Home mortgage interests and points reported to you on Form 1000  11 Home mortgage interests and points reported to you on Form 1000  12 Points not reported to you on Form 1008. See instructions and show that person's name, dominying no, and actions is  13 Add lines 10 though 11  14 Points not reported to you on Form 1008. See instructions for special rules  15 Add lines 10 though 11  16 Other than by cach or check. If any gift of \$200 or more, see instructions  16 Add lines 10 though 18  17 Other than by cach or check. If any gift of \$200 or more, see instructions  18 Add lines 10 though 18  20 Eartypow from line 10 of that form 5 see instructions.  21 Miles to 16 though 18  22 Nix for 2018  23 Nix for 2018  24 Add lines 21 through 23  25 Enter amount from Form 1040, line |

NOT APPLY - NOT USED SCHEDULE A (Form 1040) Go to www.irs.gov/ScheduleA for instructions and the latest information. Attach to Form 1040. insperse to 07 Cautions if you are claiming a net qualified degater loss on Form ASSA, asset he instructions for ine 2 Married Filing Jointly Medical Cautian: Do not include expenses reintoursed or paid by others. and 17,677. Medical and dental expenses (see instructions). Dental 2 Enter amount from Form 1040, line 38 2 203,748. Expenses 3 Multiply line 2 by 7.6% (0.075) 15,281. 4. Subtract line 3 hom line 1. If line 3 is repre than line 1, order 0 2.396. Taxes You 5 State and local (check only one box): Paid a X Income taxes, or 7,010. b General sales taxes 6 Real estate taxes (see instructions) 3,876. 124. 7 Personal property taxes Other taxes. Lief type and amount. 3 dd fires 5 through 8 filmted to \$10,000 (nor-MFS) or \$5,000 (MFS 10,000. Interest 10 Home mortgage interest and points reported to you on Point 1098. 8,426. You Paid Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the horse, see justructions and show that person's name, identifying no., and eddress Your mortgage 43. 12 interest. deduction may 13. Mortgage insurance premiums be imited less. 14 Investment interest, Attach Form 4952 if required. See instructions matructions) Add lines 10 through 14 8.469. Gifts to 16. Giffs by cash or check. If you made any gift of \$250 or more, see instructions. Charity 17 Other than by cash or check. If any gift of \$250 or more, see instructions. Tyou meda a You must attach Form 8283 if over \$500 500. gift and got a 18 Carryover from prior year penefit for it. see instructions. 19 Add lines 15 through 18 500. Casualty and Columbly or theft lossies) other than net qualified dispater losses. Attach Form 4684 and Theft Losses 20 enter the amount from line 18 of that form. See instructions Job Expenses 21 Unrembursed employee expenses job travel, union dues, job education, etc. and Certain Attach Form 2106 or 2106 EZ # required. See instructions. > Miscellaneous Deductions N/A for 2018 N/A for 2018 Other expenses - investment, safe deposit box, etc. List type and amount > N/A for 2018 24 Add lines 21 through 23 N/A for 2018 25 Enter amount from Form 1040, line 38 25 N/A for 2018 28 Multiply line 25 by 2% (0.02) 26 N/A for 2018 27 Subtract line 26 from line 24. If line 26 is more than line 24, enter G Other 28 Other - from list in instructions. List type and amount > Macellaneous Deductions Total Itemized 29 Add the amounts in the far right column for lines 4 through 28. Deductions Also, enter this amount on Form 1040, line 40 If you elect to bemide deductions even though they are less than your standard deduction, check here

For Paperwork Reduction Act Notice, see the instructions for Form 1040.

Schedule A (Form 1040) 2018

719541 IZ1-19-16

**Itemized Deductions** SCHEDULE A (Form 1040) Go to www.irs.gov/ScheduleA for instructions and the latest information. Attach to Form 1040. Capathers of the Francis Internal Security Device Service allower of Period CAS Cautions If you are planning a not applied dispater loss on Form 4684, say the instructions for line 21 Married Filing Jointly Medical Caution: Do not include expenses reimbursed or paid by others and 9,560 Medical and dental expenses (see instructions) Dental 2 Enter amount from Form 1040, line 38 2 188,479 Expenses 3 Multiply line 2 by 7.9% (0.075) 14.136. 4 Subtract line 3 from line 1. If line 3 is more than line 1, enter 0 Taxes You 5 State and look (check only one box): Paid 17,296. a X Income taxes, or b General sales taxes 6 Real estate taxes (see instructions) 10,185 7 Personal property taxes 8 Other taxes. List type and amount . 27,481. Interest 10 Home mortgage interest and points reported to you on Form 1099 Home mortgage interest not reported to you on Form 1098. If paid to the person You Paid from whose you bought the home, see instructions and show that person's name, identifying no., and address Note: Your mortgage Points not reported to you on Form 1098. See trafractions for special rules interest. 13 Mortgage insurance premiums (see instructions) deduction may be imsted (see 14 Investment interest. Attach Form 4952 if required. See instructions instructional Add lines 10 through 14. 1,800. Gifts to 16 Gifts by cash or check. If you made any gift of \$250 or more, see instructions Charity 17 Other than by cash or check. If any gift of \$250 or more, see instructions. if you made a You must attach Form 8283 if over \$500 gift and got a 18 Carryover from prior year see instructions. 19 Add lines 16 through 18 1.800. Consulty and 20. Casualty or theft lossion) other than net qualified disaster losses. Attach Form 6584 and Theft Losses enter the amount from line 18 of that form. See instructions Job Expenses 21 Unwintbursed employee expenses job travel, union dues, job education, etc. and Certain Attach Form 2106 or 2106-EZ if required. See instructions. > Miscellaneous Deductions 22 Tax proporation feet 23 Other expenses - investment, safe deposit box, etc. List type and amount > 9.632. 24 Add links 21 through 23 28 188,479. 25 Enter amount from Form 1040, line 38 3.770. 26 Multiply line 25 by 2% (0.02) 27 Subtract line 25 from line 24. If line 25 is many than line 24, enter 4 28 Other - from list in instructions. List type and amount > Other Macellaneous Deductions 29 Is Form 1040, line 38, over \$156,9007 X No. Your deduction is not limited. Add the amounts in the far right column Total for lines 4 through 28. Also, enter this amount on Form 1040, line 40. Itemized Yes. Your deduction may be limited. See the flemored Deductions. Deductions Worksheet in the instructions to figure the emount to enter.

30 If you elect to itemize deductions even though they are less than your standard deduction,

Schedule A (Form 1040) 2017

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### SCHEDULE A (Form 1940) • Go to www.ire.c

► Go to www.irs.gov/SchequieA for instructions and the latest information.

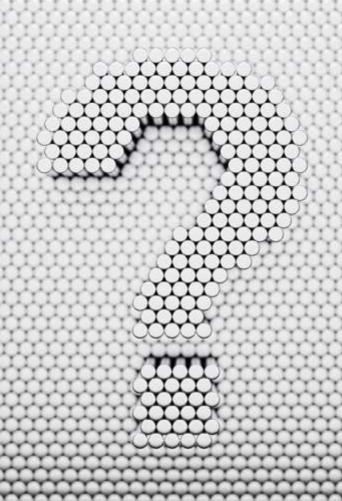
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Schedule A (Form. 1040) 2018

| partment of the five<br>and flavour bet-<br>mail proper on Fo | ring 10 | Attach to Form 1040. Caution If you are claiming a red qualified disease loss on Form 4554, see the see           | ntset  | ora for itsp 24 | L      | Sequence to 07 |
|---|---------|---|--------|-----------------|--------|----------------|
|   |         | d Filing Jointly  |        |                 |        |                |
| edical  |         | Caution: Do not include expenses reintrumed or paid by others.  | 163    |                 | т      |                |
| nd  |         | Medical and dental expenses (see instructions)  | 1      | 9,56            | 0.     |                |
| ental   |         | Enter amount from Form 1040, line 38 2 189 , 302  | .HT    |                 | 7      |                |
| penses  |         | LAI AVELTAR   | 11     |                 | - 1    |                |
|   | 3       | Multiply line 2 by 7.5% (0.075)   | 2      | 14,19           | 8.     |                |
|   | 4       | Substract line 3 from line 1. If line 3 is more than fine 1, enter 0.   |        |                 |        | 0              |
| xes You   |         | State and local (check only one box):   | T      |                 | 7      |                |
| aid   |         | a X Income taxes, er  | 0      | 17,29           | 6.     |                |
|   |         | b Gerverbi sales faves  |        |                 | 77     |                |
|   |         | Rival estate taxes (see instructions)   | 0      | 10,18           | 5.     |                |
|   | 7       | Personal property taxes   | 7      |                 |        |                |
|   |         | Other taxes. List type and amount   |        |                 | 7      |                |
|   |         |   | 0      |                 | Л      |                |
| -212-01-22  | 0       | Aild lines 5 fraugh 8 (Imited to \$10,000 (non-MFIS) or \$5,000 (MFIS)  |        |                 | •      | 10,000         |
| terest  | 10      |   | 10     |                 | П      |                |
| ou Paid   | 11      | Home mortgage interest not reported to you on Form 1098. If paid to the   | 177    |                 | 7      |                |
|   |         | person from whem you bought the home, see instructions and show that person's name, identifying no , and address. | 100    |                 | - 1    |                |
|   |         |   | - 101  |                 | - 1    |                |
| tec   |         |   | 11     |                 | -1     |                |
| y mongagy<br>yend   | 12      | Points not reported to you on Form 1098. See instructions for special rules                                       | 12     |                 | П      |                |
| Suction may   | 13      | Mortgage insurance premiums   | 13     |                 | 7      |                |
| irrited (see  |         | Investment Imprest, Attach Form 4952 if required. See instructions  | 54     |                 | 7      |                |
| nuctional   |         | Add lines 10 through 14   | -      |                 | 15     |                |
| ts to   | _       | Gifts by cash or check. If you made any gift of \$250 or more, see instructions                                   | 16     | 1.80            |        |                |
| arity   |         | Other than by cash or check, if any gift of \$250 or more, see instructions.                                      | 1      |                 | 7      |                |
| a stem us   |         | You must aftech Form 8083 if over \$500   | 17     |                 | л      |                |
| and got a<br>eft for it.                                      | 18      | Carryover from prior year   | 18     |                 |        |                |
| rativetions   |         | Add lines 16 through 18   | -      |                 | 19     | 1,800          |
| suelty and  |         | Casualty or theft losstes) other than not qualified disaster losses. Attach Form 4                                | 1554 a | nd .            | 511    | 1777 67010     |
| ft Losses   | 20      | enter the amount from the 18 of that form. See instructions   |        | -               | 20     |                |
| Expenses  | 21      | Unreimbursed employee expenses - job travel, union dues, job education, etc.                                      | 100    |                 | 7      |                |
| Certain   |         | Attach Form 2106 or 2106 EZ F required. See instructions.   | -34    |                 | -1     |                |
| iscetaneous<br>eductions                                      |         |   |        |                 | -1     |                |
| AUCOUTS   |         |   | 21     | M/A for 2018    |        |                |
|   | 22      | Tax preparation fees  | 22     | N/A for 2018    | _      |                |
|   | 23      | Other expenses - investment, safe deposit box, etc. List type and amount >  |        |                 | ┑      |                |
|   |         |   | 100    |                 | -1     |                |
|   |         |   | 163    |                 | -1     |                |
|   |         |   | 22     | N/A for 2018    | :      |                |
|   | 24      | Add fines 21 through 23   | 24     | N/A for 2018    |        |                |
|   | 25      | Errier amount from Form 1040, ine 56 25 N/A for 2016  |        |                 |        |                |
|   | 28      | Multiply line 25 by 2% (0.02)   | 26     | N/A for 2018    |        |                |
|   |         | Subtract line 26 from line 24. If line 25 is more than line 24, errier. O   |        |                 | 27     | N/A for 2018   |
| er  | 29      |   |        |                 | 199    |                |
| cellaneous  | -       |   |        |                 |        |                |
| Suctions  |         |   |        |                 | -      |                |
|   |         |   |        |                 |        |                |
| -   |         |   |        |                 | 28     |                |
| tai   |         |   |        |                 | $\Box$ |                |
| mized   | 29      | Add the amounts in the far right oclumn for lines 4 through 28.   |        |                 | П      |                |
| ductions  |         | Also, enter this amount on Form 1040, line 40   |        |                 | الت    | 11,800         |

30 If you sleet to itemize deductions even though they are less than your standard deduction, check here

For Paperwork Reduction Act Notice, see the Instructions for Form 1040.



### Other individual changes to note

- Casualty losses: only from federally-declared disasters
- Alimony: deduction/inclusion repealed for divorces executed after 12/31/18
- Moving expenses deduction repealed (except military)
- Kiddie tax now at trusts/estate tax rates

## New Corporate 21% Tax Rate

## 20% pass-through deduction (Schedule C, E, K-1)

- 20% of qualified business income
- Qualified business income definitions
  - Qualified trade/business income
    - Not a specified service/trade/business (SSTB)
      - Trade/business involving performance of specified services
  - Does not include investment income
  - Does not include reasonable compensation paid from S corporation or guaranteed payments paid to a partner
  - Phase-out limitation

## SSTB - Specified Service Trade or Business

- Health
- Law
- Accounting
- Actuarial Science
- Performing Arts
- Consulting

- Athletics
- Financial Services
- Brokerage Services
- Investment and Investment Management
- Trading
- Dealing in Securities

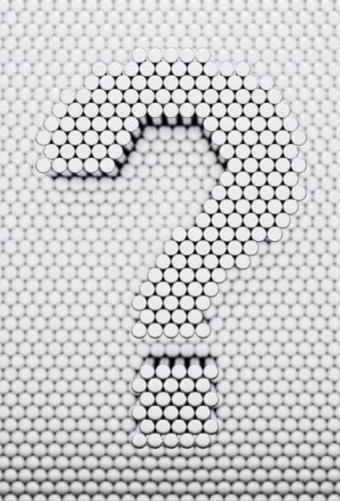
"Any trade of business where the principal asset of such trade or business is the reputation or skill of one or more of its employees or owners as defined in paragraph (b)(2)(xiv) of this section"

(Celebrity endorsements & appearances)

## IRS Says New Pass-Through Rules Could Add \$1.3 Billion In Compliance Costs



Kelly Phillips Erb Forbes Staff Taxes

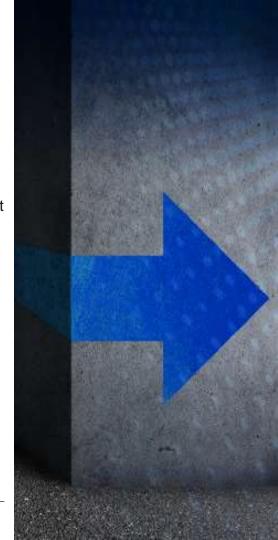


## Alternative minimum tax (AMT) changes

- Alternative tax system that parallels the regular federal tax (with different rates and rules for deductions)
- Increase in exemption amount
- Due to limit on state/local tax deduction and repeal of miscellaneous deductions, impact should be less

| Single                  | 2017    | 2018      |  |
|-------------------------|---------|-----------|--|
| Exemption               | 54,300  | 70,300    |  |
| Phase out Begins        | 120,700 | 500,000   |  |
| Married Filling Jointly |         |           |  |
| Exemption               | 84,500  | 109,400   |  |
| Phase out Begins        | 160,900 | 1,000,000 |  |

- Review tax-free investments Compare to taxable rates
- Private activity bonds? Okay now?



## Depreciation changes - Auto Limits

- Light Duty Trucks, Vans, and Cars Under 6000 lbs. GVWR
- \$18,000 Maximum Section 179

SUV 6000-14000 lbs. GVWR

- \$25,000 Limitation
- Other Vehicles Over 6000 lbs. GVWR
- No Depreciation or Special Section 179 Limit

## Changes to retirement planning

- Ability to recharacterize a Roth conversion to a traditional IRA is removed after 2017
- Extension of rollover period for plan loan offsets until due date of tax return.



## Estate and gift taxes changes

- Gift tax is imposed on certain lifetime transfers and estate tax is imposed on certain transfers at death. A "basic exclusion amount" applies to an individual's lifetime combined gifts and estate transfers.
- Deceased Spouse Unused Exemption (DSUE)
- Revised law left the top estate tax rate at 40% and increased exemption
- 2018 estate tax exemption: \$11.2 million
- 2018 gift tax annual exclusion: \$15,000 per person
- Estate planning is more than minimizing estate taxes.
  - Updating documents
  - Privacy

## Income Taxation for Trusts and Estates

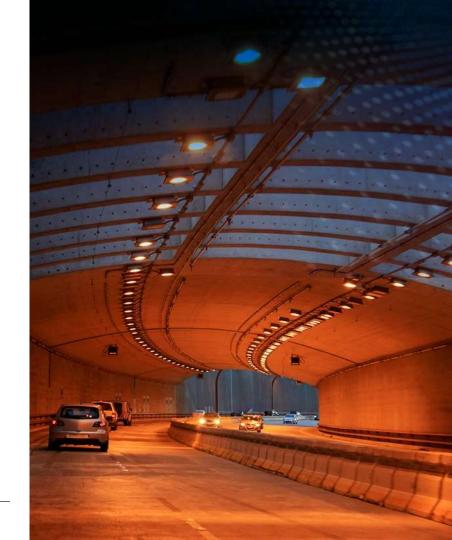
| Ordinary in | come rates under the new Act |
|-------------|------------------------------|
|             |                              |
| Tax Rates   | Thresholds                   |
|             |                              |
| 10%         | \$0-\$2,550                  |
| 24%         | \$2,551-\$9,150              |
| 35%         | \$9,151-\$12,500             |
| 37%         | over \$12,500                |

| Capital gains and qualified dividend rates under new Act |  |                  |  |  |  |
|--|--|------------------|--|--|--|
|  |  |                  |  |  |  |
| 0%   |  | \$0-\$2,600      |  |  |  |
| 15%  |  | \$2,601-\$12,700 |  |  |  |
| 20%  |  | over \$12,700    |  |  |  |

The new itemized deduction limitations that apply to individuals also apply to estates.

## How to avoid underpayment penalties

Estimated tax payments/withholding



| Tax Pro   | jector  |                           |                            |  |
|---|---|---------------------------|----------------------------|--|
| Married Filing Jointly  |   |                           |                            |  |
|   | 2017  | Projected<br>2018         | (Decrease)                 |  |
| AGES, SALARIES AND TIPS   | 153,960.  |                           | -14,200                    |  |
| CHEDULE B - INTEREST  'AXABLE REFUNDS OF STATE/LOCAL TAX  'ICHEDULE D (CAFITAL GAIN OR LOSS)  'CHEDULE E (RENTAL AND PASSTHROUGH) | 542.<br>2,312.<br>0.                            | 314.<br>0.<br>71,423.     | 71,423                     |  |
| TOTAL INCOME  | 156,815.  |                           | 54,683                     |  |
| MEALTH SAVINGS ACCOUNT DEDUCTION<br>STUDENT LOAN INTEREST DEDUCTION<br>TOTAL ADJUSTMENTS  | 7,750.<br>957.<br>8,707.                        | 7,750.<br>0.<br>7,750.    | -957<br>-957               |  |
| ADJUSTED GROSS INCOME   | 148,108.  | 203,748.                  | 55,640                     |  |
| DEDUCTIONS INCOME BEFORE EXEMPTIONS PERSONAL EXEMPTIONS QUALIFIED BUSINESS INCOME DEDUCTION TAXABLE INCOME                        | 26,525.<br>121,583.<br>8,100.<br>0.<br>113,483. | 179,748.<br>0.<br>14,285. | 58,165<br>-8,100<br>14,285 |  |
| TAX<br>TAX BEFORE CREDITS   | 19,617.<br>19,617.                              | 28,290.<br>28,290.        |                            |  |
| TAX AFTER NON-REPUNDABLE CREDITS  | 19,617.   | 28,290.                   | 8,673                      |  |
| TOTAL TAX   | 19,617.   | 28,290.                   | 8,673                      |  |
| FEDERAL INCOME TAX WITHHELD<br>TOTAL PAYMENTS   | 21,665.<br>21,665.                              | 19.722.<br>19.722.        | -1,943<br>-1,943           |  |
| TAX OVERPAID<br>BALANCE DUE   | 2,048.  |                           |                            |  |
|   |   |                           |                            |  |
|   |   |                           |                            |  |

SCHEDULE A (Form 1040)

710041 IZ1-18-18

Itemized Deductions

▶ Go to www.irs.gov/ScheduleA for instructions and the latest information.
▶ Attach to Form 1040.
Section: I you as quarted a set quarter on a form 4004, see the instructions for loop.

| - | 2 |   | = |   | 7  | -  |
|---|---|---|---|---|----|----|
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|   | 4 | 4 | u | , |    | u  |
|   | 6 |   | ū | m | r. | 00 |

Schedule A (Form 1040) 2018

| man, dream on Fr                  | 12.6 | 41   | -        | .76                                       | a month       | March (Frome) |
|-----------------------------------|------|--|----------|---|---------------|---------------|
| darried                           | F    | lling Jointly  |          |   |               |               |
| edical                            |      | Caution: Do not include expenses reinfoursed or paid by others.  |          |   |               |               |
| nd                                | 1    | Medical and dental expenses (see instructions)   | 1        | 17,67                                     | 7.            |               |
| ental<br>spenses                  | 2    | Enter amount from Form 1040, line 38 2 203,748.  | П        |   |               |               |
|                                   | 3    | Multiply line 2 by 7.6% (0.076)  | 5        | 15,28                                     | 11.           |               |
|                                   | 4    | Subtract line 3 hom line 1. If line 3 is more than line 1, order 0   |          |   | 4             | 2.396         |
| ind                               | 5    | State and total (check only one bax): a X Income taxes, or   | 5        | 7,01                                      | 0.            | 7.00          |
|                                   |      | b Careral sales taxes  |          |   | 37            |               |
|                                   | 6    | Real estate taxes (see instructions)   |          | 3,87                                      | 5.            |               |
|                                   | 7    | Personal property taxes  | 7        | 1.2                                       | 4.            |               |
|                                   | 8    | Other taxes. Lief type and amount.   |          |   |               |               |
|                                   | 0    | Add lines 5 through 6 flimited to \$10,000 (non-MFS) or \$5,000 (MFS))   | p. Brown |   | 0             | 10,000        |
| terest                            | 10   | Home mortgage interest and points reported to you on Form 1098   | 10       | 8.42                                      |               |               |
| ou Peid                           | 11   | Home mortgage interest not reported to you on Form 1999, if paid to the<br>person train whom you bought the home, see instructions and show that<br>person's name, identifying no., and eddress  |          |   |               |               |
| de:                               |      | *********  |          |   | - 1           |               |
| ur mortgage                       | -    | Political designation of Park State Control of Control  | 11       |   | *             |               |
| erest.<br>duction may             | 13   | Points not reported to you on Form 1098. See instructions for special rules  | 12       |   | 3.            |               |
| imited less                       | 14   | Company of the Compan | 23       |   | $\rightarrow$ |               |
| tructions).                       | 1.0  | Add lines 10 through 14  | 54       |   | 1             | 8.469         |
| fts to                            | 16   | Gifts by cash or check. If you made any gift of \$250 or more, see instructions.   | Tast     |   | 15            | 0,453         |
| harity                            |      | Other than by cash or check. If any gift of \$250 or more, see instructions.   | 16       |   | -             |               |
| ou meda a                         | "    | You must attach Form 8280 if over \$500  |          | 50  | 0             |               |
| and got is                        | -10  | Carryover from prior year  | 17       | 24  | 0.4           |               |
| neft for it.                      |      | Add lines 16 through 18  | 138      | -   | 19            | 500           |
| qualty and                        | -10. | Columbity or theft lossies) other than net qualified disaster losses. Attach Form 4  | - 144    | ed  | - 100         | 300           |
| eft Losses                        | 20   | enter the amount from line 18 of that form. See instructions   | 004.0    |   | 90            |               |
| Expenses<br>d Certain             |      |  | П        |   | -             |               |
| ecollaneous                       |      | PATRICIA POLITI 21/06/07 21/05/02 9 required, ties instructions.   | 10       |   | - 1           |               |
| ductions                          |      |  |          | ****                                      | 31            |               |
|                                   | 22   | Tax preparation fees   | 21       | N/A for 201                               |               |               |
|                                   | -    | Other expenses - investment, safe deposit box, etc. List type and amount >   | *        | N/A for 201                               | ٠             |               |
|                                   |      |  |          |   |               |               |
|                                   |      |  |          | THE ALL PAR                               | [             |               |
|                                   | 24   | Add lines 21 through 23  | 23       | N/A for 201                               | _             |               |
|                                   |      |  | 24       | N/A for 20%                               |               |               |
|                                   |      | Enter amount from Form 1040, line 38 25 N/A for 2016 Multiply line 25 by 2N (0.02)   | 1        | Barrier Street                            |               |               |
|                                   |      |  | 25       | N/A for 2016                              |               | 2012/03/2012  |
| her                               |      | Subtract line 26 from line 34. If time 26 is more than line 24, enter G.  Other -from list in instructions. List type and amount >   | -        |   | 27            | N/A for 2018  |
| ner 25<br>scellaneous<br>ductions | 200  | The roth let it hardone. Let type and amount P   |          |   | d             |               |
|                                   |      |  |          |   |               |               |
|                                   |      |  |          |   |               |               |
| 441                               | -    |  | -        | A 7 ( 1 ( 1 ( 1 ( 1 ( 1 ( 1 ( 1 ( 1 ( 1 ( | 26            |               |
| tal                               | -    |  |          |   | 1             |               |
| mized<br>ductions                 | 29   | Add the amounts in the far right column for lines 4 through 28.  |          | 68  |               | 100000000     |
| ruuctions                         |      | Also, enter this amount on Form 1040, line 40  |          |   | 29            | 21,365        |
|                                   |      |  |          |   |               |               |
|                                   | 30   | If you elect to tempe deductions even though they are less than your standard deduction,   | check    | tere -                                    | -             |               |

For Paperwork Reduction Act Notice, see the instructions for Form 1040.

110041 04-01-17

## Proposed changes not included in final bill (that are still active in 2018) include ...

- Additional standard deduction for elderly and blind (\$1,300 - \$1,600)
- \$250 above-the-line teacher deduction is not changed
- Exclusion for employer-provided dependent care assistance
- Exclusion for adoption assistance programs
- Reduction of capital gain rates/changes to taxation of interest income

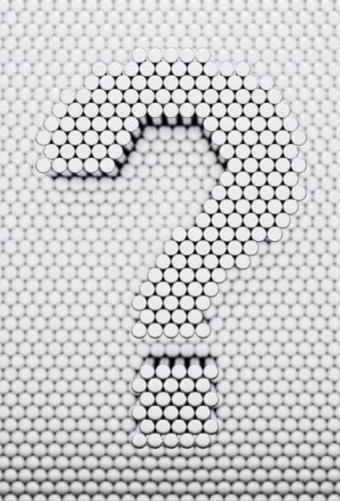
- Sec. 121 exclusion of gain on sale of principal residence
- Required use of FIFO to determine basis of stock dispositions
- Charitable driving remains at 14 cents/mile (rather than actual)
- Consolidation and modification of education provisions not included (only change is to expand 529 plans)
- Plug-in electric vehicle credit (Sec. 30D)

## Planning tips

Requires rethinking and planning in many areas

- Choice of entity for business ventures
- Charitable giving planning
- Estate/gift planning with temporary increased exemption
- RMD
- Interplay of Sec. 199A with remaining rules such as passive activity loss limits
- Max HSA if eligible High deductible plan + No Medicare
- Vacation Homes Use % vs. # of Days
- Pay off Mortgage
- Opportunity Zone Funds



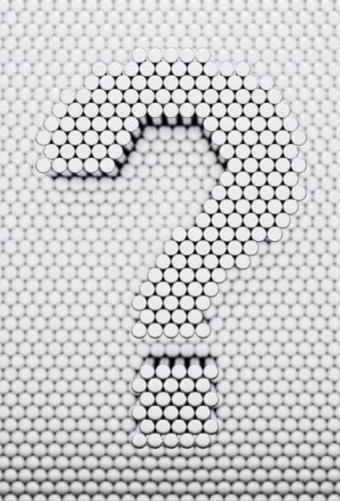


## Depreciation changes

- Additional first year/bonus depreciation-100% for property acquired after 9/27/17
- Now allowed for new and <u>used</u> property
- Phase down schedule for years after 2022
- Increases to Sec. 179 (\$1M and threshold \$2.5M)
- All Limits are indexed for inflation.

## Rental Depreciation changes

- Commercial Only Expansion for certain real property (roofs, HVAC)
- Residential Rentals Allows 100% expense of property (appliances, carpeting, etc. allowed)
- Cost segregation study more valuable now since non-real property assets can be written off immediately



Commenters also suggested that the section 199A regulations incorporate the real estate professional provisions in section 469(c)(7) in a manner similar to the cross references in section 163(j) and §1.1411-4(g)(7). Under section 469, a real estate professional may treat rental real estate activities described in section 469(c)(7)(C) as nonpassive if the taxpayer materially participates in such activities. Section 1.469-5T(a) provides seven tests to establish material participation, but as noted above, these tests only determine whether an individual materially participates in a rental real estate activity. They cannot be used to determine whether the activity itself is a trade or business. Unlike section 469, whether a taxpayer is entitled to a section 199A deduction is not determined based on the taxpayer's level of participation in a trade or business, nor does it require that an individual materially participate in the trade or business. Instead, section 199A is dependent on whether the individual has QBI from a trade or business. Consequently, the Treasury Department and the IRS decline to adopt these comments because the §1.469-5T material participation tests are not a proxy to establish regular, continuous, and considerable activity that rises to the level of a trade or business for purposes of section 199A.

#### b. Rental Real Estate Activities as a Trade or Business.

A majority of the comments received on the meaning of a trade or business focus on the treatment of rental real estate activities. Commenters noted inconsistency in the case law in determining whether a taxpayer renting real estate is engaged in a trade or business. Some commenters suggested including safe harbors, tests, or a variety of factors, which if satisfied, would qualify a rental real estate activity as a trade or business. A number of commenters suggested that all rental real estate activity should

qualify as a trade or business. Further, one commenter suggested that rental income from real property held for the production of rents within the meaning of section 62(a)(4) should be considered a trade or business for purposes of section 199A. Another commenter suggested that final regulations provide that an individual whose taxable income does not exceed the threshold amount will be considered to be conducting a trade or business with respect to any real estate rental of which the individual owns at least ten percent and in which the individual actively participates within the meaning of section 469(i).

In determining whether a rental real estate activity is a section 162 trade or business, relevant factors might include, but are not limited to (i) the type of rented property (commercial real property versus residential property), (ii) the number of properties rented, (iii) the owner's or the owner's agents day-to-day involvement, (iv) the types and significance of any ancillary services provided under the lease, and (v) the terms of the lease (for example, a net lease versus a traditional lease and a short-term lease versus a long-term lease).

Providing bright line rules on whether a rental real estate activity is a section 162 trade or business for purposes of section 199A is beyond the scope of these regulations. Additionally, the Treasury Department and the IRS decline to adopt a position deeming all rental real estate activity to be a trade or business for purposes of section 199A. However, the Treasury Department and IRS recognize the difficulties taxpayers and practitioners may have in determining whether a taxpayer's rental real estate activity is sufficiently regular, continuous, and considerable for the activity to constitute a section 162 trade or business. Accordingly, **Notice 2019-07**, 2019-XXX

IRB XXX released concurrently with these final regulations, provides notice of a proposed revenue procedure detailing a proposed safe harbor under which a rental real estate enterprise may be treated as a trade or business solely for purposes of section 199A.

Under the proposed safe harbor, a rental real estate enterprise may be treated as a trade or business for purposes of section 199A if at least 250 hours of services are performed each taxable year with respect to the enterprise. This includes services performed by owners, employees, and independent contractors and time spent on maintenance, repairs, collection of rent, payment of expenses, provision of services to tenants, and efforts to rent the property. Hours spent by any person with respect to the owner's capacity as an investor, such as arranging financing, procuring property, reviewing financial statements or reports on operations, planning, managing, or constructing long-term capital improvements, and traveling to and from the real estate are not considered to be hours of service with respect to the enterprise. The proposed safe harbor also would require that separate books and records and separate bank accounts be maintained for the rental real estate enterprise. Property leased under a triple net lease or used by the taxpayer (including an owner or beneficiary of an RPE) as a residence for any part of the year under section 280A would not be eligible under the proposed safe harbor. A rental real estate enterprise that satisfies the proposed safe harbor may be treated as a trade or business solely for purposes of section 199A and such satisfaction does not necessarily determine whether the rental real estate activity is a section 162 trade or business. Likewise, failure to meet the proposed safe harbor

would not necessarily preclude rental real estate activities from being a section 162 trade or business.

Examples 1 and 2 of proposed §1.199A-1(d)(4) describe a taxpayer who owns several parcels of land that the taxpayer manages and leases to airports for parking lots. The Treasury Department and the IRS are aware that some practitioners and taxpayers questioned whether the use of the lease of unimproved land in these examples was intended to imply that the lease of unimproved land is a trade or business for purposes of section 199A. Proposed §1.199A-1(d)(4) provides that for purposes of the examples all businesses described in the examples are trades or business for purposes of section 199A. Example 1 was intended to provide a simple illustration of how the calculation would work if a taxpayer lacked sufficient W-2 wages or UBIA of qualified property to claim the deduction. Example 2 built on the fact pattern by adding UBIA of qualified property to the facts. The examples in the proposed regulations were not intended to imply that the lease of the land is, or is not, a trade or business for purposes of section 199A beyond the assumption in the examples. In order to avoid any confusion, the final regulations remove the references to land in both examples.

## **QBI** Computations

20% of the lesser of QBI or TI without Capital Gains\* or QD

\* LTCG and Sect 1250 Unrecaptured Gains

TI<\$157500 for Single TI<\$315000 for MFJ

Or else limitations apply:

50% of Wages OR 25% of Wages+2.5% of UBIA

SSTB more restrictive over the TI limits
Self-rental is QBI

## Relevant Passthrough Entities (RPE)

Sole Proprietorship
1-Member LLC
Partnerships (Watch for 707c)
Most Trusts

S-Corporation

Must have Wages

Wages reduce QBI

S-Corporations usually NOT recommended for RE Ownership

## **Trade or Business**

## Activity must be:

Regular

Continuous

Considerable

## Also requires separate:

Books & Records Bank Accounts

### Safe Harbor

250 Hours spent by:

NOT ALLOWED in 250

R&M
Collection of Rent
Payment of Expenses
"Provision of Services to Tenants"
Efforts to rent the property

"Investor Activities"
Arranging financing
Procuring Property
Reviewing Financial Statements
Reviewing Reports on Operations
Managing or Cons. L-T Cap Imp.
Traveling to/from Real Estate

### Safe Harbor

Triple Net Lease and "Vacation Homes" are NOT Eligible for Safe Harbor

Qualifying for Safe Harbor means nothing for Section 162 purposes

Self-rental to a related business is automatically QBI

These Qualify for 20%:

**REIT** 

PTP

RIC

## Aggregation

### Requirements:

50% ownership by group 50% majority of year Same Tax Year-end NOT SSTB Must Meet 2 of 3:

> Similar products or services Share common resources "Supply Chain"

Required annual disclosure of aggregation\*

\*or IRS disallowance of aggregation

## Audit Regime

New rules for Partnership Audits

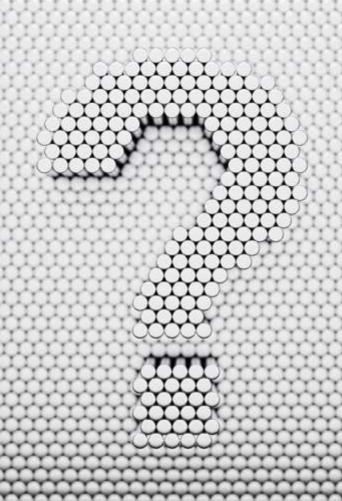
**Entity Level** 

**TOP Tax Bracket** 

Current partnership pays

#### Elect Out

NO for Disregarded Entities NO for Grantor Trusts



# Thank you



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