

Season's Greetings from Country Tax Service LLC

As you know 2018 had the biggest tax changes in 30 years!

Many will not be able to itemize with the new increased standard deduction. Miscellaneous deductions, including unreimbursed business expenses are gone. However, MN did not follow the federal changes, so you may be able to use those unreimbursed business expenses on MN. You will still need to have proof of the expenses such as a mileage log.

Despite these changes, you may still itemize deductions. Remember to include your 1098 mortgage statement, real estate statements and charities. If you have high medical expenses you may qualify to deduct medical. We will review to see which option is best for your tax filing.

The tax rates are lower with 5 of the 7 tax rates drop by 2 to 4 percent. It is wise to do a paycheck checkup to make sure you have the right withholding on your W-4.

The child tax credit for children under 17 doubled for almost everyone.

The \$4,050 exemption is now zero. However, the standard deduction for single went to \$12,000 and \$24,000 married.

While vast changes are made to the tax code, retirement accounts and their beneficial tax status is not one of them. So, consider making contributions. You have until April 15 to contribute to a Roth or Traditional IRA.

You will need to provide proof of health insurance again for 2018. The penalty leaves us in 2019.

You will need form 1098T and proof of education expenses.

Don't forget your form 1099 MISC if you are self-employed. Remember to provide these to your subcontractors by January 31. If you need help please stop in.

While many brokerage firms are now providing the original cost of your investments that are sold during the year, many transactions lack the proper historic cost of your investment. You will need to provide accurate information to properly record your gain or loss.

All returns need to have a signed electronic authorization (Form 8879) along with payment before we will transmit.

New Tax Rules for Small Business

Every small business from sole proprietors to S Corporations and partnerships will see changes to their 2018 tax filings. Here are some of the revised tax rules:

- 1. New business deduction - There is a 20% small business income deduction. This new tax benefit has many limits and qualifications but should benefit most businesses (even rentals).*
- 2. Limited entertainment deduction - While most qualified business meals can still be deducted by 50%, entertainment related expenses are typically no longer deducted.*

Beginning in tax year 2017 MN residents that contribute to a 529 college savings plan may be eligible for a nonrefundable credit. The deadline to contribute is December 31.

Residents of MN may qualify for a subtraction on your MN income tax return for military active pay and military retirement pay until Title 10.

Rest assured, a full review of your situation will help obtain the right filing situation for you.

There is no word yet when the IRS will begin accepting tax returns. Please check our website for details (www.countrytaxesko.com).

We will begin taking appointments and drop-offs the week of January 21, 2019.

We look forward to seeing you in 2019!

Debbie and Mandy