***Please read as soon as possible.* This letter has important updates that will help you this filing season.**

**We request that you bring in your information as soon as you have it *all*. Please keep in mind that if you bring more information in after your tax return is complete, *there will be additional charges* to change your return. Please do not wait until the deadline.**

**There have been major changes made with the Tax Cuts & Jobs Act (TCJA) signed on December 22, 2017. Please allow extra time for us to complete your return due to extra calculations needed for business returns or individual returns with pass-through business income.**

Office Hours (Jan 14th-April 15th): Monday thru Friday 8 a.m. to 12 noon, 1 p.m. to 5 p.m.

 Saturdays 9 a.m. to 12 noon

Please Note:

* We will not be scheduling appointments after April 6, 2019 or taking phone calls, unless preauthorized by your Accountant.
* Our office will not guarantee any returns that are dropped off after April 6th, 2019

**Payments: All fees are due when returns are completed and signed**. **If this is not possible, then advance arrangements would need to be scheduled through, Dennis, Jeff or Tiffany.**  **All invoices must be paid within 15 days from the invoice date and past-due accounts are subject to 12% interest.**

**Appointments:** In order to meet with your Accountant, you must make the appointment over the phone at (308) 534-4330 or in person at 221 West 2nd St. Suite 105, North Platte, NE.

If you are not needing to meet with your Accountant, you are welcome to drop off, mail, fax or email your tax information to the office. **Our mailing address is:** PO Box 1638

North Platte, NE 69103

 **Our Fax Number is:** (308) 534-4637

 **Our email addresses are:**

Dennis, dennis@millerbanks.com Tiffany, tiffany@millerbanks.com

Jeff, jeff@millerbanks.com Brogen, brogen@millerbanks.com

**On December 22, 2017 the Tax Cuts and Jobs Act of 2017 (TCJA) made major changes in the tax laws. These laws took effect in 2018 and most will expire after 2025. We have outlined a summary of the most notable changes. Please note that these are only a portion of changes and there are additional rules and limits that apply.**

* New format of Form 1040
* Tax brackets have expanded and tax rates from 10% to 37%.
* Standard Deduction increased to $12,000 (single), $18,000 (head of household), and $24,000 (married filing joint)
* Suspends personal exemptions.
* Child tax credit doubled to $2,000 for children under age 17 and $500 credit for qualifying dependents that are not children.
* Moving Expenses are no longer deductible unless you are active-duty military.
* Alimony payments from divorce agreements executed or modified after December 31, 2018 are not deductible and not includible on the recipient’s taxable income.
* Itemized Deductions
	+ State and local tax deduction (SALT) is limited to $10,000.
	+ If you are an employee, unreimbursed employee business expenses, professional fees, investment fees, and home office expenses are no longer deductible.
* Under the Affordable Care Act, the individual mandate requiring taxpayers not covered by a qualifying health plan to pay a penalty has been eliminated
* Corporate Tax Rate is now 21% flat tax rate for all C corporations
* Qualified Business Income deduction (QBI) may be available for you if you file a Schedule C, E, or F. This deduction has income qualifications and may have W-2 limitations or qualified property limitations. Please speak with your Accountant if you have further questions concerning this.
* The Section 1031 rules that allow tax-deferred like-kind property will only be available on real estate. Personal property assets are no longer allowed.

**Partnership Changes**: The Bipartisan Budget Act (BBA) of 2015 which overhauls the way partnerships are audited and how any resulting tax liability is computed, assessed, and collected. Under Sec. 6221 (b) certain partnership are eligible to ANNUALLY elect out of the BBA. The partnership must make the election on a timely filed partnership return (including extensions) for the tax year to which the election relates. Each partnership must also designate a partner as the partnership representative, who has the sole authority to act on behalf of the partnership audit.

# E-Filing: As we are required to e-file tax returns we want to make you aware of several things:

1. You must sign, date and return form 8879 to our office before we will e-file your returns, this form replaces you signing the tax returns. **We cannot e-file your returns without this form.** You will get this form from our office when your tax return is completed.
2. It is your responsibility to check the banking information to make sure it is correct. We will ask you to look this information over at the time you sign form 8879.
3. We must know at the time you sign the forms whether you want the money directly deposited or withdrawn from your bank account. You can set up a specific date to have the money withdrawn. You can still mail in a check and we will give you payment vouchers for this. Once the decision is made we cannot change it.

**Tax Planning:** If you are uncertain as to what your tax consequence may be, please compile all of your data and bring in to discuss with your Accountant.

# Notable items: The following information contains a few reminders or tax benefits and concerns that may benefit or apply to you. There are many other provisions that are not listed below. We strongly urge you to consult with your tax advisor before the year is over before you make any significant financial decisions. (Especially taking distributions from retirement plans).

* Issuing 1099’s - when **you pay** an individual or partnership a total of $600 or more annually for rent expense, interest expense, custom (machine) hire, or business vet services -- you are required to file federal Form 1099. Also any business related payments made to attorneys, whether or not they are incorporated, over $600 must be reported on 1099’s. **They are due to the recipients (and IRS if you file yourself) by January 31, 2019.** Please do not wait until the last minute to bring us the information. You must **have** the **properly spelled name, address, and social security numbers/federal identification number**, as any one of these being wrong could trigger a $100 penalty to you for **each** form 1099 filed incorrectly and those not filed at all. A form W-9 should be on file and signed by the recipient (forms are available at our office or can be printed from our website). The W-9 should be completed by the individual you pay $600 or more to.

If you have any 1099’s to issue, fill out the enclosed form and mail it back to us. We will issue the 1099’s for you. If you did not get a form please call or stop in our office with the information.

Note: For those that we have done 1099’s in the past, we included payee information for you to add to, delete, make changes, and/or fill in amounts. If you need additional space, feel free to use the back.

* Children born during 2018 must have a social security number by the time you file your 2018 federal form 1040 tax return. Failure to supply the IRS with this number on your 2018 income tax return will disallow the child’s exemption, and likewise, any earned income credit and child tax credit.

Note-Noncustodial parents can no longer claim a dependent without filing a Form 8332 signed by the custodial parent to release the child as their dependent.

* Sale of residence during 2018 is tax-free up to $500,000 joint/$250,000 single. For further details on this provision, please confer with your Accountant.
* Seller – financed mortgage rules on purchases of a personal residence and/or land for 2018 including existing contracts require both the seller and purchaser to report the corresponding name, social security number, and address on the 2018 income tax return. The penalty for failure to report this information is $50 per failure.
* Estate tax exemption for 2018 is $11,200,000 per individual. The annual gift limit per person is $15,000 for 2018 with the maximum life time gift exclusion of $11,180,000.
* Lump sum distributions directly transferred from the pension and profit sharing plan to the rollover plan requires no withholding. If the distribution is made to a taxpayer and the taxpayer properly rolls the distribution over into a qualified plan within the 60-day requirement, the 20% federal and 5% state withholding is required. Thus have a broker handle all the paper work and transfers involved in the rollover if you do not want 25% withheld from your transfer amounts.

**Warning** – If the distribution is a premature distribution, a 10% penalty will apply to the 25% withheld unless the taxpayer contributes the amount of the rollover to the IRA. There are exceptions to this penalty so please discuss with your tax advisor before distribution of the IRA.

* IRA contributions are due no later than April 15, 2019, regardless of when you file your return. The maximum amount for 2018 is $5,500. If you are at least fifty years old you may add another $1,000 to this deduction for a total of $6,500.
* Itemizing – If you have spent more than $12,000 as a single taxpayer or $24,000 as a married taxpayer on all of the following items combined you may be able to itemize and receive a deduction for them on your return. If so, please bring in a list of your eligible expenses.

 -Medical Expenses -Long Term Care & Health Premiums -Sales tax paid on all vehicles

 -Dental Expenses -State Income Tax Paid -Mortgage Interest Paid

 -Vision Expenses -Personal Property Taxes Paid

 -Real Estate Taxes Paid -Charitable Contributions

Note: This list is not all inclusive, but the most common deductible items. Please note that Medical, Dental, Vision, Long-Term Care, and Health Premium expenses are subject to a percentage of your annual income and not all expenses will be deductible.

Tip: If you never have enough in one single year to itemize, you may pay two years of expenses in one year which may allow you to itemize every other year. Common items to double up on are real estate taxes, final state estimate payments, and donations.

1. Due Dates (for calendar year taxpayers):

W-2’s & 1099’s must be mailed to the recipient and file with the SSA/IRS by January 31, 2019.

Partnerships or LLC’s that file Form 1065 must be filed or extended by March 15, 2019.

S-Corporations or LLC’s that File Form 1120S must be filed or extended by March 15, 2019.

Individuals that file Form 1040 must be filed or extended by April 15, 2019

C Corporations that file Form 1120 must be filed or extended by April 15, 2019

Due dates for any properly extended return is October 15, 2019. **Please note: Extensions only extend the time to file your return. It does NOT extend the time to pay. So if you have an amount due on an extended return, you will receive an IRS letter and/or NE Department of Revenue letter that will include a failure to pay penalty and interest due in addition to the amount stated on your return.**

Note: For fiscal year taxpayers, please contact your Accountant if you have any questions.

1. Statistics and General information:
* Business Mileage Rate is $0.545 per mile.
* Meals Rate = Standard $51 per day, Transportation Industry $63 per day
* Child Tax Credit is not available once a child turns 17 but a new $500 Dependent Credit is available for dependents over the age of 17.
1. Health Savings Account: If you have an HSA health insurance deductible of $1,300 (individual)/$2,600 (family) or more, you may contribute up to $3,450, for an individual plan or $6,900 for a family plan to a Health Savings Account. This contribution to the plan is deductible 100%, and it sets money aside to be used for medical purposes. You have until April 15, 2019 to make the contribution. An additional $1,010 catch up contribution is available to each spouse age 55 or older. Note: Over the counter drugs are not deductible in 2018.
2. Depreciation: 100% Bonus depreciation of all newly purchased (new or used) of qualifying assets purchased during 2018 may be deducted in the first year. Up to $1,000,000 of qualifying assets may be deducted in 2018 under the provisions of Section 179 if you had total asset purchases of less than $2,500,000.
3. Charitable Contributions: Another alternative to donating cash is to donate commodities of a prior year crop. Doing this could save federal, state and social security tax on the amount donated. If you are interested in this provision please consult with your Accountant.
4. Dividends and Capital Gains: Income from capital gains and qualifying dividends (including dividends paid from a corporation you are a shareholder in) is taxed at 0% for the income including the capital gains and dividends up to approximately $77,200 for married filers and $38,600 for single filers. Any amount that is over this income level is taxed at 15%. If income is over $479,001 for married filers and $425,801 for individuals, the rate is 20% on the amount over.
5. Higher education benefits: There are several benefits allowing up to a tax credit of $2,500 for costs of tuition, books, and other necessary expenses. Please provide your tax preparer with all expenses related to higher education. \***You must have a 1098-T and provide us with the slip in order to qualify for the American Opportunity Education Credit. Also, we will need a printout of your account activity from your College business office that includes all expenses and payments made in 2018.**
6. Employer provided health insurance: For 2018, there is a credit *(that may or may not apply to you)* of up to 35% of premiums paid on behalf of employees for employers who employ less than 50 full time employees. Please confer with your Accountant for further information on this.
7. Commodity for wages: Farmers and Ranchers can release rights on bushels of grain or livestock to their employees in lieu of wages. Doing this will save both the employer and the employee self-employment tax. This does, however, need to be reported to the employee on a W-2 that must be filed by January 31, 2019. Be advised this may reduce future disability & retirement benefits.
8. For the 2018 tax year, under the Affordable Care Act or Obamacare, the Individual shared responsibility mandate **is still in effect** requiring you to carry health insurance. If you have health insurance and are covered under a qualified plan you should be receiving a **1095-A, 1095-B or a 1095-C** depending on what your insurance provider is required to report. **You must bring that form in with your tax information so we can use it to prepare your taxes as it is a requirement under new rules.**

For tax year 2018, certain employers are required to offer health insurance if they have 50 or more full time equivalent employees. Please contact your Accountant if you have questions about the Employer mandate of the Affordable Care Act.

**FAFSA:** Students have been able to file their 2018-2019 FAFSA since October 1, 2017 using the information from their 2016 Tax Return. Therefore, if you are planning on attending college during the 2019-2020 academic year, you are able to complete your information at FAFSA.gov beginning October 1, 2018 using the information from your 2017 Tax Return. Please contact your college for application deadlines.

# Personal property tax schedules: All personal property tax schedules are due by May 1st with no extensions being granted. We request that all personal property tax schedules be signed and returned to our office for us to submit to the county treasurers so that it agrees with the depreciation schedule and to maintain a record of its filing.

**Homestead Exemption Program (Nebraska residents):** This program is available to persons over 65, disabled individuals, or unmarried widowers of a servicemember who died on active duty. There are income limits and homestead value requirements to qualify for a percentage of relief from real estate taxes. Please ask your Accountant for more information if you believe you should qualify or if something similar is available in your State.

**Items to bring for preparation of your tax returns.** *(All may or may not apply to you.)*

* W-2’s
* Interest and dividend 1099’s (including tax exempt) and K-1’s from partnership, S corps, and estates
* Government payment slips
* Gas tax credit tickets for farmers and ranchers
* 1099’s from rent, custom hire, and hail proceeds you received
* Purchase invoices for all depreciable assets purchased
* College tuition, interest, and fee amounts paid for yourself or children
* Closing statements on sales of building or land
* All address changes
* Back up of your QuickBooks or Quicken, if applicable.
* Amount of all contributions to any type of retirement fund, or health savings account
* Child Care Provider, name, address, identification numbers, and amounts paid
* Real Estate Taxes Paid for residence
* Name and Social Security number for children born during the year
* 1095 A, B, or C – required if applicable
* 1098-T and account activity from college business office if applicable for education credits – required if applicable

**Other Services we provide**:

* Preliminary tax planning and estimates (if you come in prior to the end of the year)
* Revenue and expense summarizing for preparation of tax return
* QuickBooks consulting and input
* Payroll (Including paycheck creation, payment of taxes, quarterly and annual reports)
* Financial statements and cash flows
* Sales tax

If you are interested in any additional services, please contact your Accountant.

Sincerely,

Dennis A. Miller, CPA Jeff Miller, EA Tiffany Banks, EA Brogen Hohnholt