



JOE M. TUCKER

CERTIFIED PUBLIC ACCOUNTANT, P.C.

Dear Clients and Friends,

As we look to 2019 we want to make you aware of a few things that will help to make this a smooth and successful tax season. We are excited to start our 43rd year serving you and look forward to what the New Year will bring!

New Team Member

We are thrilled to welcome a new staff member to the Joe M. Tucker, CPA family: Mrs. Paige Tanner, CPA. Paige brings a wealth of experience to the firm having practiced professional accounting for over 35 years. We are proud that she has joined our family and look forward to introducing her to you personally.

Tax Cuts and Jobs Act for tax year 2018

For those of you who requested it, we went through a tax projection with you last tax season in anticipation of the tax law changes that will take effect this tax season. Since every tax situation is different, the new tax law will have a different result based on your tax situation. No matter the difference we will be treating this season like any other with lots of preparation and training to give you the expertise that you deserve. Below we have listed the top 5 changes that could affect you this tax season:

1. **Tax rates for individuals and businesses:** Marginal tax rates and income thresholds for individuals have been adjusted from 2017. See the table below for more information. Also, for all C-corporations, the new law has reduced the corporate tax rate from 35% to a flat 21%.

| 2017 | | | 2018 | | |
|----------|------------------------|------------------------|----------|------------------------|------------------------|
| TAX RATE | SINGLE | MARRIED FILING JOINTLY | TAX RATE | SINGLE | MARRIED FILING JOINTLY |
| 10% | Up to \$9,325 | Up to \$18,650 | 10% | Up to \$9,525 | Up to \$19,050 |
| 15% | \$9,326 to \$37,950 | \$18,651 to \$75,900 | 12% | \$9,526 to \$38,700 | \$19,051 to \$77,400 |
| 25% | \$37,951 to \$91,900 | \$75,901 to \$153,100 | 22% | \$38,701 to \$82,500 | \$77,401 to \$165,000 |
| 28% | \$91,901 to \$191,650 | \$153,101 to \$233,350 | 24% | \$82,501 to \$157,500 | \$165,001 to \$315,000 |
| 33% | \$191,651 to \$416,700 | \$233,351 to \$416,700 | 32% | \$157,501 to \$200,000 | \$315,001 to \$400,000 |
| 35% | \$416,701 to \$418,400 | \$416,701 to \$470,000 | 35% | \$200,001 to \$500,000 | \$400,001 to \$600,000 |
| 39.60% | \$418,401 or more | \$470,001 or more | 37% | \$500,001 or more | \$601,000 or more |

2. **Personal exemptions and the federal standard deduction:** This year the new law has eliminated the personal exemption for each member of your household. In addition, to somewhat offset this, the standard deduction has been doubled. For Single filers the standard deduction is \$12,000 and for married filing jointly it is \$24,000 for 2018.
3. **Household Family Tax Credits:** There are two law changes under this heading-one is the child tax credit and the other is a dependent non-refundable credit. The new law increases the child tax credit from \$1000 to \$2000 per qualifying child and also increases the phase out which now begins at \$400,000 for married filing jointly. The actual refundable portion is \$1,400 per qualifying child, which is still an increase from last year's \$1000. There is also a new \$500 non-refundable credit for qualifying dependents other than qualifying children.

4. **Qualified Business Income Deduction:** The new law has established code section 199A for a deduction for Qualified Business Income, which generally applies to all forms of pass through entities (Sole proprietorships, Partnerships, Sub-S's, Etc.). There are some awkward restrictions but it could mean a 20% deduction on your personal return.
5. **Unreimbursed business expenses:** If you are accustomed to taking the 2106 unreimbursed business deductions as an itemized deduction you will be unable to use those expenses this year as the new law has eliminated them. These deductions included elements such as unreimbursed mileage and supplies as well as tax fees, safety deposit boxes, etc.

Regardless of whether or not you believe that you will be able to itemize your deductions this year, **you should still bring us all of your itemized expenses, just as you have in the past, for the sake of your state return.** Not all states have adopted the new tax law's treatment of itemized deductions and the threshold is definitely lower and could therefore save you tax.

Form 1099

All 1099's are due to the recipient by **January 31, 2019**. As always, we are happy to take care of these information returns for you but need you to provide the amounts, names, addresses, and social security numbers. If you have not already done so we need these ASAP (by January 25). Thank you for your prompt response! Remember, you can easily email this information to 1099@joemtuckercpa.com.

Alabama Driver's License Number

For those e-filing Alabama state returns, a driver's license number with issue and expiration dates are now required. If you have renewed your license prior to filing your 2018 return please include a copy of your license, in your submitted information, so that we may update the issue and expiration dates. If you do not have a driver's license you will need to obtain a state issued identification card for e-filing purposes. If you do not have a valid driver's license or state issued identification we will paper file your state return.

Scheduling Tax Preparation or Drop offs

Please remember to call the office **early** in the season to make your appointment for income tax preparation or any other business services. Any of our staff will be happy to assist you with scheduling or answering any tax questions you may have. Here are a few important reminders:

- If you would like a tax organizer to assist in gathering your 2018 income tax information, we are happy to send via US Mail or Email. Please mention this when calling to schedule your tax appointment.
- Our last available appointment times will be on **Friday March 29, 2019**. Please call (256-332-2004) for your appointment no later than *March 22, 2019* so that your schedule can be more easily accommodated.
- With our consistent review process and additional staff; being open to scheduling with either Joe or Mark Tucker will help to improve the turnaround time for your return.
- Returning clients may drop off tax information any time during the season but no later than **March 29** to give us time for preparation and processing. If dropping off in person is not convenient feel free to use the "Send a File" link at the top of our website www.joemtuckercpa.com.

Thank you for being our client and allowing us to assist with your tax and financial needs. If we have had any success it is because of the loyalty and confidence you have shown us over the years. We are most grateful for the opportunity to serve you the past 43 years and look forward with excitement to many more to come.

Best Regards!
Joe M. Tucker CPA, P.C.