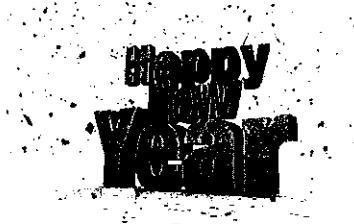


# Tax Update

2019 Tax Season

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It's beginning to look a lot like TAX SEASON! And we are in for some big changes this year. Some people that were on the border of not having to file last year, will most likely not have to file this year.

So your first question might be, do I have to file?

Filing Status	AND at end of year you were...	THEN file a return if your gross income was...
Single	Under 65	\$12,000
	65 or older	\$13,600
Married filing Joint (MFJ)	Under 65 (both spouses)	\$24,000
	65 or older (one spouse)	\$25,300
	65 or older (both spouses)	\$26,600
Married filing Separately (MFS)	Any Age	\$5
Head of Household	Under 65	\$18,000
	65 or older	\$19,600

Single dependents must file a return if any are true:

- \* your unearned income was over \$2,650 (\$4,250 if 65 or older and blind)
- \* your earned income was over \$13,600 (\$15,200 if 65 or older and blind)

A lot of taxpayers that have filed Itemized Deductions in the past may no longer be able to. The new tax law has bumped the standard deduction to:

		+ if 65 or older
Single	\$12,000	\$1,600
Married filing Joint	\$24,000	\$1,300
Married filing Separately	\$12,000	\$1,300
Head of Household	\$18,000	\$1,600
Dependent of Another	\$1,050 or Earned Income + \$350	\$1,300 or \$1600 if S or HOH

Some items NO LONGER allowed to be used for Itemized Deductions include Safe Deposit Box fees, investment management fees, tax preparation fees, and a big one is unreimbursed employee expenses. This includes all mileage and travel expenses for those who receive a W2.

**This is only for Federal purposes. You can still itemize on your Kentucky return!!**

Medical deductions are back to 7.5% if you do qualify to itemize

**With the Standard Deduction increase, they have done away with the exemption deduction. But no worry, you can still claim your dependents!!**



Child Tax Credit is increased to \$2,000 for children up to age 17. Up to \$1,400 is refundable



A new \$500 Dependent Credit is available this year for anyone that can be claimed as a dependent, but is not the taxpayer's child. This is nonrefundable. The qualifying person's income must be less than \$4,150

A Social Security Number is required to claim both the Child Tax Credit and the Dependent Credit. An ITIN or ATIN is no longer valid.

**A Qualifying Child** for purposes of the child tax credit must be all of the following:

- \*Claimed as your dependent
- \*Under the age of 17 at the end of 2018
- \*Your: - Son, daughter, adopted child, stepchild, or descendant of any of them (ex: grandchild)
  - Brother, sister, stepbrother, step sister, or descendant of any of them (ex: niece) whom you cared for as you would your own child
  - Fosterchild (any child placed in your home by an authorized agency) whom who cared for as your own

A parent who is eligible to claim the Child Tax Credit (CTC) can release the CTC to the other parent if:

- \* the child receives over 1/2 support from the child's parents
- \* parents are divorced or separated or live apart during last 6 months of year
- \* the child is in custody of one or both parents for more than half the year
- \* the custodial parent signs an 8332 Release of Claim for Child

**MUST BE ABLE TO SHOW PROOF!!**

#### **AUDIT**

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To be considered HEAD OF HOUSEHOLD, the taxpayer must meet all of the following conditions:



must be unmarried as of the last day of the year, or have NOT lived with spouse for last 6 months of the year



cannot claim the year his or her spouse has died



must be a US citizen or resident



must pay over half of the costs of maintaining his/her home in



qualifying person must live in the home, except a parent



## Businesses Update!!!



Corporation tax has been reduced to 21% and there is no longer AMT on Corps.  
Entertainment expenses are no longer deductible but meals are still deductible at 50%.

There is a new deduction for Self Employed, Partnerships, S Corporations and C Corporations.  
It is the Qualified Business Income Deduction. It is for the benefit of the business owner!!  
There are lots of rules and regulations with this deduction. We can do some fun tax planning for  
your business for 2019 but we will need to see you and your information in our office next  
Summer.



Bonus Depreciation is at 100% for purchases made after September 2017

Capital Gains rate is 0% for MFJ up to \$479,000, HOH up to \$452,400,  
MFS up to \$239,500 and Single up to \$425,800

The IRS is still not set on when they will begin accepting tax returns. However, you can come  
on by when you receive your W2's and all tax information and we can get your return started  
and on it's way to the IRS. So when they do finally open up, your return will be there ready to go.  
Call our office to find out how you can get some of your refund as soon as January 2nd, if you  
qualify.

The PATH Act from 2017 is still delaying refunds for anyone claiming Earned Income Credit  
or Child Tax Credit.



Business mileage rate is \$.545 in 2018 and will increase to \$.58 for 2019

We still have our Secure File Portal. If anyone is interested in uploading their tax files and  
sending them to us through the safe portal, that is always available. Call our office and we'll  
get you the information on how this works. We are working on a new website that we hope will  
be up and running sometime early next year. So be sure to keep an eye out for it.

[www.mitchellacctg.com](http://www.mitchellacctg.com)



If you're filing self-employed income, it might be good practice to open a business bank account  
if you haven't already. The IRS is getting more strict and doing more audits on self-employed  
income especially with Earned Income Credit being claimed. So be prepared with receipts for  
income and expenses.



The Casualty Loss Deduction is no longer available

Moving Expenses are no longer deductible unless for military

## TAX RATE SCHEDULES

FILING STATUS	10%	12%	22%	24%	32%	35%	37%
SINGLE	\$0	\$9,525	\$38,700	\$82,500	\$157,500	\$200,000	\$500,000
HOH	\$0	\$13,600	\$51,800	\$82,500	\$157,500	\$200,000	\$500,000
MFS	\$0	\$9,525	\$38,700	\$82,500	\$157,500	\$200,000	\$300,000
MFJ	\$0	\$19,050	\$77,400	\$165,000	\$315,000	\$400,000	\$600,000

You can do a paycheck checkup at [irs.gov/taxchanges](https://irs.gov/taxchanges) and follow the steps for the withholding calculator. If you find you need to make changes to your W4, we can help with that.



Tax Season office hours will be Monday - Friday 8am to 6 pm. Saturdays 10 am to 2 pm.  
Other office hours, by appointment only.

**The Gift Exclusion for 2019 is \$15,000**

**Unfortunately, the Health Insurance penalty is still in affect for the 2018 tax season, but it is GONE for 2019**



Pension Exclusion for Kentucky has reduced from \$41,110 to \$31,110. So when taking from your retirement plans, double check if you need state withholding now.

Call our office to make your appointment or just drop your tax information off  
606.523.9700  
or email [jenny@mitchellacctg.com](mailto:jenny@mitchellacctg.com)

**Our office hours will be Monday - Friday 8 am to 6 pm and Saturdays 10 am to 2 pm. Other times may be available by appointment only.**

## Notes/Questions:

**Things to bring:****W2's and 1099's****Social Security Statements**

Interest Income Statements

Retirement Statements

IRA Distributions

Dividend Statements

Property Taxes paid

Mortgage Interest Statements

Advalorem taxes paid on your vehicle

Child care for your child, to whom paid,  
federal ID #, amount pd per child

Education expenses: 1098-T

Charitable contributions and charity mileage

Student loan interest

Medical bills paid in 2018

1095A, 1095B, 1095C or all medical cards

Proof of your dependent

rent receipts, mortgage stmt, utility bills  
and/or letter from the school they attend

Up to date Drivers License

Social Security cards on new dependents

**Business Clients:**

Business Income and Expenses

New Equipment purchased? Date? Amount?

Year End Inventory

Do we need to file tangible returns?

We need to know what counties you worked in and how  
much earned in each county for Net Profits Tax

Business loan balances and interest paid for the year

Business mileage or unreimbursed employee mileage

Number of nights spent away from home for business

Do we need to file 1099's for you?

**Remember to let us know if you got married, divorced,  
or dependents changed. Has your banking information  
changed from last year? New address? New phone?****Give us your email so you can know when your federal  
return is accepted.***Mitchell Tax & Accounting**8828 KY 1232**Corbin KY 40701*