

PROFESSIONAL TAX CONSULTING

(650) 576-7352

TAX CHECK LIST

Some of the common information required for the preparation of tax returns are listed below. If you would like a more detailed questionnaire please visit my website www.professionaltaxconsulting.com or contact my office.

PERSONAL INFORMATION

Full Name(s) as shown on Social Security card, birth date, marital status, address, and phone number.

DEPENDENDENTS

- A. Social Security name, number and birth date of all dependents
- B. Did any child turn 19 years old?
- C. Was any dependent claimed on another person's return, or did they file their own return?
- D. Any child under age 14 with interest and dividends in excess of \$1,600?
- E. Add or delete any dependents?

INCOME

- A. Forms W2, 1099 Interest and Dividends, Social Security, Gambling, Unemployment, Pension and IRA distributions, Sale of Property, etc.
- B. Form K-1 from Partnerships, Estates, Trusts, etc.
- C. Alimony.

MEDICAL COSTS/ACA PREMIUM CREDIT

If total is more than 10% of income (7.5% 65+)
Medical insurance, Long Term Care insurance, doctors, dentist, prescriptions, glasses, hospitals, medical equipment, travel, etc.
Forms 1095-A, 1095-B and/or 1095-C required for proof of insurance.

TAXES

DMV vehicle license fee (VLF) portion only, property taxes (home, boat, airplane, etc) additional state income taxes paid, sales tax on vehicles and large items.

INTEREST

Mortgage on personal residence and second home. Can be an RV. If paid to an individual, their name, address, and Social Security number is required.

CHARITABLE CONTRIBUTIONS

RECEIPT REQUIRED FOR ALL DONATIONS

- A. Money donations to Churches, Cancer, Heart, Scouts, and other such funds. Documentation (canceled check or receipt) required for **ANY** amount. Payroll deductions to United Way, etc.
- B. Travel and Expenses for above organizations if a volunteer, leader or chaperone, etc.
- C. Non-cash donations of clothing, household items, etc. If total is over \$500, the name, date, and address of organization and description of articles given is required. Appraisal required if value of any item is \$5,000 or more. Special rules apply to cars. Must have letter from charity stating vehicle's selling price.

MISCELLANEOUS DEDUCTIONS

If more than 2% of income

- A. EMPLOYEE: Union dues, Professional dues, licenses, subscriptions, Uniforms, Supplies required for job, Insurance, continuing education, Job travel and meals, Teacher classroom expenses.
- B. OTHER: Tax advice and preparation fees, investment journals and fees, etc.

CREDITS

- A. Education-Qualified college tuition and certain mandatory fees for taxpayers and dependents is listed on form 1098-T, **normally downloaded from school account** (1098-T required for credit or deduction). Mandatory enrollment fees and material expenses may also be allowed. Books allowed if for first 4 years of school. KEEP RECEIPTS.
- B. Child care - Provider's name, address, telephone number and tax ID are required.
- C. Renter's credit if rented in California more than 6 months.
- D. Solar-Statement from installer listing full cost including installation.

IRAS

Contributions, conversions, and withdrawals for both Traditional and ROTH IRAs

SALE OF STOCK AND SECURITIES

1099-B from Brokerage Firm including date, description, and quantity for purchased and sold

RENTAL PROPERTY

- A. Income, Expenses, Improvements, Sales, etc.
- B. *Need to issue form 1099? See below.

SELF-EMPLOYED

- A. Income, Expenses, Improvements, Sales, etc.
- B. *Need to issue form 1099? See below.

ESTIMATED TAXES

Payment of estimated tax to IRS or State. Need date and amounts paid. State 4th quarter payments should be made in December if you itemize and not subject to AMT.

*Payments of \$600 or more to individuals for personal services (gardeners, handymen, etc.) or rent must be reported to the IRS, FTB, and the individual. You need the name, address, and Social Security or tax ID of the payee. Forms 1099 are required to be issued by January 31st. We can process these for you. Please call.

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HIGHLIGHTS FOR TAX YEAR 2017

AFFORDABLE CARE ACT ACA (OBAMACARE)- PENALTY REPEALED 1/1/19

CREDIT – In order to qualify for the Premium Tax Credit, you were required to purchase insurance through the Health Insurance Marketplace and you will receive an information statement (1095-A) by January 31st to help calculate the amount of the credit.

STANDARD MILEAGE RATE DEDUCTION

For 2017 the allowable standard mileage rate deductions are as follows:

- **Business.** The standard mileage rate for the cost of operating your car changes to **53.5** cents a mile.
- **Charitable services.** The standard mileage rate to provide charitable services is **14** cents per mile.
- **Medical or Moving.** The standard mileage rate allowed for medical reasons or moving is **17** cents per mile.

FOREIGN BANK ACCOUNTS

Foreign bank accounts (including on-line gaming accounts!) over \$10,000 must be reported on tax return and a separate report. FinCEN Report 114 (FBAR) will need to be filed by April 15 ELECTRONICALLY each year. Does not apply if accounts are held in US brokerage accounts. Be sure to bring this to my attention. **BIG PENALTIES** (\$10,000) apply if this is not adhered to!

2018 FEDERAL TAX REFORM

2018 TAX RATES

Most of the individual income tax rates have been decreased for 2018.

- 10% (income up to \$9,525 for individuals; up to \$19,050 for married couples filing jointly)
- 12% (over \$9,525 to \$38,700; over \$19,050 to \$77,400 for couples MFJ)
- 22% (over \$38,700 to \$82,500; over \$77,400 to \$165,000 for couples MFJ)
- 24% (over \$82,500 to \$157,500; over \$165,000 to \$315,000 for couples MFJ)
- 32% (over \$157,500 to \$200,000; over \$315,000 to \$400,000 for couples MFJ)
- 35% (over \$200,000 to \$500,000; over \$400,000 to \$600,000 for couples MFJ)
- 37% (over \$500,000; over \$600,000 for couples MFJ)

STANDARD DEDUCTION AND PERSONAL EXEMPTIONS

The standard deduction has been almost doubled to \$12,000 for individuals and \$24,000 for couples but personal exemptions including for dependents have been eliminated in 2018

ITEMIZED DEDUCTIONS

- Medical Deductions-Medical deductions over 10% (7.5% for 2018 and 2019) are still allowed as a deduction
- State/Local/Real Estate Taxes-Deduction for taxes has been limited to \$10,000 total
- Mortgage interest-Interest on homes purchased after 12/15/17 is deductible on the first \$750,000 owed, home purchased prior to 12/15/17 retain the \$1 million deduction. Home equity interest deduction is eliminated for all homes.
- All Unreimbursed Employee Work Expenses and Union Dues deductions are eliminated.
- Itemized Deduction Phase-Out for higher income taxpayers is eliminated.

CREDITS AND SPECIAL DEDUCTIONS

- Child Tax Credit is doubled to \$2,000/child and raises income limits to \$200,000 and \$400,000 for couples
- Credit of \$500 for non-child dependents such as college students
- Deductions for Moving Expenses, Alimony (for divorces finalized after 12/31/18), and losses (fire, theft, etc), other than from federally declared natural disasters, are no longer deductible

AMT

AMT is retained, but exemption amounts are increased: \$54,300 to \$70,300 Single/HOH and \$84,500 to \$109,400 MFJ

DEDUCTION FOR BUSINESS (PASS-THROUGH) INCOME

- Taxpayers are able to deduct up to 20% of their pass-through income from businesses including Sole- Proprietorship, Partnership, LLC, or S-Corp from their taxable income.

No changes to current law for adoption credit, dependent care credit, electric vehicle credit, education credits/deductions, home sale exclusion, student loan interest, and teaching supplies.