



*Certified Public Accountants
And Consultants*

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33 THINGS YOU NEED TO KNOW ABOUT THE NEW TAX LAW

...New tax brackets: 10%, 12%, 22%, 24%, 32%, 35%, 37%.

...Unchanged for Qualified Dividends and Long Term Capital Gains:
You can still pay 0% tax on LTCG, if your tax bracket qualifies.

...Higher Standard Deduction: Single \$12,000; MFJ \$24,000; HOH
\$18,000.

...Personal and Dependent Exemptions: No longer deductible.

...Home Mortgage Interest Deductions: Limited to acquisition
(possibly home improvement) loans on first and second homes taken
after 12/16/17. Limits: MFJ \$750,000; other \$375,000. Contact us for
more detail.

...Home Equity Loans: No longer deductible.

...State and Local Taxes: State and local income, property, and
sales taxes limited to combined deduction of \$10,000 MFJ, \$5,000
MFS.

...GROUP YOUR ITEMIZED DEDUCTIONS EVERY OTHER YEAR:
“Group” some of your itemized deductions so the total amount
exceeds the standard deduction amount and file itemized every other
year. Contact us to learn how.

...Child Tax Credit: Increased to \$2,000; *up to \$1,400 may be
refundable.*



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...New Dependent Tax Credit: \$500 non-refundable credit for qualified non- children dependents.

...Foreign Real Property Taxes: No deduction.

...Roth IRA Reverse Conversions: No longer allowed to convert traditional IRA to Roth.

...Medical Expenses Deduction Threshold: Decreased to \$7,500 for most.

...529 Education Plan: New annual withdrawal limit of \$10,000.

...Section 127 Employer Educational Assistance Programs: Allows for employee tuition assistance tax free in some cases.

...Section 1031 Exchanges: New rules limit to real property only.

...Alimony Payments: No longer deductible to payor. No longer reportable by recipient. This law begins for agreements entered into **after 12/31/18**.

...Adoption Expenses: Still deductible.

...Moving Expenses: No longer deductible.

...Personal Casualty and Theft losses: Only federally declared disasters allowed.

...Miscellaneous Deductions: New law does **not** allow any of the items listed under the itemized miscellaneous deductions section, i.e.: tax preparer or brokerage fees, employee work expenses, etc.



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...Itemized deduction phase-out for higher income individuals: This included charity, mortgage interest and real estate taxes, and is no longer in effect.

...Charitable Deduction Limit: Increased from 50% to 60% of AGI to allow more deductions.

...Donations for Seating Rights to Athletic Events: No longer deductible.

...IRA Funded Charitable Donations: New law makes this more attractive. "QCD" can be tax smart.

...AMT Tax: Still with us, but with *lower rates and higher exemptions*; rate decrease from 39.6% to 28%. New rate will start when AMT income exceeds \$191,500 MFJ; \$93,900 for others.

...AMT Note: Municipal Bonds (PAB) provide tax free interest income under regular tax rules, but are taxable under AMT tax rules.

...Affordable Health Care: Penalty is repealed starting in **2019**.

...Kiddie Tax: Now taxed at the higher trust rates rather than individual income tax rates.

...Sale of Stocks: Save money by using Specific ID Method and sell the stocks first that you paid a higher price to acquire. Do **not** use FIFO method.

...Unified Gift and Estate Tax: Exemptions are Single \$11.18 million; MFJ \$22.36 million.



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...Estate Portability Option: The executor of the first spouse to die may make an election to transfer the unused portion of their \$11.8 million to the surviving spouse.

...Gift Tax: Gifts of up to \$15,000 in any one calendar year are non-taxable and is non-reportable.

Many of these changes require a detailed explanation. Please contact us and we will send you a more complete explanation of the tax changes; or for greater detailed information on any subject, personal or business. 941-637-0544