



The Bottom Line

Schedule Your Appointment Online
www.thebottomlineinc.net

JANUARY 2018

- Office in historic Germantown
- Year round tax services
- Business consulting, growing your business, start-up plans and seminars
- Online bookkeeping
- Payroll services
- Your one stop shopping for small businesses
- Walter M. Moyer, President

Tax Season Office Hours

Mondays
10:00AM to 4:00PM

Wednesdays
1:00PM to 6:00PM

Fridays
(telephone appointments)
1:00PM to 6:00PM

Saturdays
(starting in February)
10:00AM to 3:00PM

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Wally's Tax Update

Everyone has questions about 2018 new tax laws. Right now we are still filing with the 2017 laws, but we need to plan for 2018

The IRS has issued new requirements tax practitioners must conduct to secure client data. Here at the Bottom Line, we have taken steps toward an enhanced secure process with your data online. I assure you, we keep abreast of data security developments and do our utmost to protect your personal information. We appreciate your cooperation using our secure client portal.

For tax year 2017, the IRS increased the value of some different tax benefits, while leaving some the same as last year:

- Personal and dependent exemptions remain \$4,050
 - The standard deduction rises to \$6,350 for single, \$9,350 for head of household, and \$12,700 for married filing jointly
 - The maximum earned income tax credit rises to \$6,318
 - The maximum income limit for the EITC rises to \$53,930
 - The foreign earned income deduction rises to \$102,100
 - Annual deductible amounts for Health Savings Accounts increases for individuals to \$3,400 but with no change for families.
 - The estate and gift tax exclusion rises to \$5.49million.
- continues with the following tax increases started in 2013:
- An additional tax bracket has been added for individuals with taxable income greater than \$400,000 and joint filers with taxable income over \$450,000

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Use Our Secure Client Portal

Protecting your personal information is of the utmost importance to us. For this reason we're taking another step recommended by the IRS and will no longer open email attachments.

If you want to send us your tax documents electronically you will need to use our secure portal (<https://thebottomline.securefilepro.com/>).

It's the fastest and safest way to send us your personal information and it stores files for up to six months.

As soon as you get a tax document in the mail, scan (PDF is best, but we can also do high resolution JPEGs) and upload it to the portal. You don't have to worry about misplacing the document.

If you haven't used it yet, send an email to Carolyn (carolynwest@thebottomlineinc.net) and she'll make sure you have access to your account.

Upload all your documents 4 days in advance and we'll have your returns done the day of your appointment.



Wally's Tax Update continued

- Tax on long-term capital gains is increased from 15 to 20 percent for individuals with taxable income greater than \$400,000 and joint filers with taxable income over \$450,000
- 3.8 percent Medicare surtax on the lesser of net investment income or modified adjusted gross income above \$200,000 for individuals and \$250,000 for joint filers.
- Additional Medicare payroll tax of 0.9 percent on earned income above \$200,000 for individuals and \$250,000 for joint filers.
- In 2018 there will be a significant tax deduction for businesses.
- This deduction will reduce your taxable income but not your adjusted gross income. 20% of your qualified business income (QBI) from a partnership, S corporation or sole proprietorship.
- Tax brackets will change
- If you are in the 33% bracket you may be pushed up to the 35% bracket. For 2017 take your deductions this year and push income into 2018 if you are under the 33% tax bracket.
- No change in long term capital gains and dividends

Higher standard deductions, but no more personal and dependent exemption deductions

- The 2018 standard deduction amounts are as follows.
- \$12,000 for singles (up from \$6,350 for 2017)
- \$24,000 for joint-filing married couples (up from \$12,700)
- \$18,000 for heads of households (up from \$9,350)
- Additional standard deduction amounts for the elderly and blind are still allowed.

New limits on your deduction for state and local income and property taxes to a combined total of \$10,000

The new law reduces the maximum amount of mortgage debt to acquire a first or second residence

Starting next year, the maximum child credit is increased to \$2,000 per qualifying child, and up to \$1,400 can be refundable (meaning you can collect it even if you don't owe any federal income tax). In addition, a new \$500 nonrefundable credit is allowed for qualified non-child dependents.

Starting next year, deductions for moving expenses and most miscellaneous itemized expenses are eliminated.

The Bottom Line Deadlines

Keep track of these dates to make sure your tax returns are filed on time.

- **January 22** - All businesses and individuals who file 1099s for independent contractors should get us information so we can file the required documents by the January 31 deadline. **This year the IRS will issue penalties for filing late 1099s.**
- **February 28** - All corporations and partnerships should send us tax documents and financial records for 2017 so we can file returns by the March 15 deadline
- **March 31** - We guarantee to complete and file returns for individuals and couples who give us all their tax documents by this date. We still accept clients after March 31, but depending on how complicated your taxes are, an extension may need to be filed.
- **April 15** - **Our office closes at 5:00 and will not reopen until May 1st.**
- **April 16** - Pennsylvania returns and payments are due
- **April 17** - Federal and local returns are due or an extension must be filed. Payments for underpaid 2017 taxes are due today, even if you file an extension.