

the answer[®]

December 2018



Tips

CHECK YOUR WITHHOLDING TO AVOID UNEXPECTED TAX BILLS AND PENALTIES

Avoiding an Unexpected Tax Bill

The Internal Revenue Service today urged high-income taxpayers and those with complex tax returns to check their withholding soon to avoid an unexpected tax bill or penalty when they file their 2018 federal income tax return in 2019.

The Tax Cuts and Jobs Act, the tax reform legislation passed in December, made major changes to the tax law, including increasing the standard deduction, removing personal exemptions, increasing the Child Tax Credit, limiting or discontinuing certain deductions and changing tax rates and tax brackets.



Taxpayers with Dependents

In addition to expanding the Child Tax Credit, the TCJA added a new tax credit for parents or other qualifying relatives supporting a dependent age 17 or older at the end of 2018. This new tax credit – Credit for Other Dependents - is a non-refundable credit of up to \$500 per qualifying person. This change, along with others, can affect a family's tax situation in 2018 and it's important to check and adjusted withholding amounts if necessary to prevent an unexpected tax bill and even penalties next year at tax time.



Tips for Handling Unexpected tax Bills

If you owe money at tax time, try to remember that rainy-day funds exist for just such unexpected expenses.

1. File on time and pay what you can

File your return on time and pay as much of the bill as possible to lower penalties and interest fees. Check to see if one of your credit cards has a lower annual percentage rate than the combined interest and penalty rate the Internal Revenue Service (IRS) will apply to your outstanding balance.

2. Request a payment extension

If you're in extremely difficult financial circumstances, request a payment extension. The IRS might grant a six-month grace period, but you will need to demonstrate a substantial financial loss—such as being forced to sell property at a sacrifice price—if you were forced to pay the amount of your tax bill on the due date.

3. Set up a payment plan

If you are unable to pay your bill in full when you file your return, establish a payment plan with the IRS. There's a small fee to set this up, and you will also be subject to interest, but a payment plan can help you steer clear of additional penalties associated with missed deadlines.

ESTIMATED TAX PAYMENTS



Estimated tax is the method used to pay tax on income that is not subject to withholding. This income includes earnings from self-employment, interest, dividends, rents, and alimony. Taxpayers who do not choose to have taxes withheld from other taxable income should also make estimated tax payments.

NEW IN 2019

We will have a few changes in our platforms. The changes will affect the client portal and billing software. You will be sent emails regarding the changes in the client portal and your January invoices and statements will look different.

CLIENT REMINDERS

This is a reminder to send us your accounting information through December so that we may generate financials and necessary tax return(s).



Your accounting information needed includes:

- ≈ Bank & Credit Card Statements
- ≈ Loan Statements
- ≈ Payroll Reports
- ≈ 1099 Vendor Information
- ≈ New/Sold Asset Information
- ≈ Year end sales and inventory

If we have online access to this information or if you have sent us your documents already, please disregard this reminder.
Thanks for growing with us!

Special Points of Interest

THANK YOU for the referrals!
Your support is truly appreciated.

BEST WISHES to all of our clients
with a birthday or an anniversary in
December!

We would like to congratulate
our very own Lauren Grantham on
becoming a CPA!

Please send us an e-mail if any
Information has changed this past year
such as telephone numbers,
e-mail, address, number of
dependents, and purchases made.

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