

TAXES AND STUFF

January, 2019

**Tax Season
Hours
Effective 2/4/19**

Monday	9 - 5
Tuesday	9 - 7
Wednesday	9 - 5
Thursday	9 - 7
Friday	9 - 5
Saturday	9 - 12
Sunday	Church



“Cast all your anxiety on him because he cares for you.”

1 Peter 5:7

Greetings from your neighborhood tax guys!

Here we go again! As we begin our 12th tax season as a firm, we can't help but reflect on the Lord and His many blessings—namely you all, our clients. Your loyalty has made this possible and it inspires us to continue to work harder to provide the best service possible for you all.

We prepare these newsletters for two purposes: first, we use them to communicate with our clients and to keep them up-to-date with relevant information regarding tax law changes, policy changes, and other general information that we think they would find useful; additionally, we send these newsletters to our neighbors to introduce ourselves and to share the same information with them. In this edition, we will cover several topics:

- ◇ **A new addition to the family**
- ◇ **Tax law changes that affect businesses**
- ◇ **SecureFilePro— our new portal**
- ◇ **Appointments and scheduling**
- ◇ **Tax law changes that affect individuals**
- ◇ **Tax preparer credentials**

We had so much to share that we made this newsletter 6 pages long. Unfortunately, we could not include pages 3 and 4 in our bulk mailing through the post office. If you would like to receive pages 3 and 4, please call or email us. Thanks for reading!

Your friends at Stafford & Peasall



Stafford & Peasall drafts James Cowan, Enrolled Agent

Because you all have blessed us with so many referrals, we have decided that we needed some help to continue to provide the service you deserve. We have added a new member to our family, James Cowan. Like each of us, James grew up in Brandon and graduated from Brandon High School (class of 2005). He has since become an Enrolled Agent—we will discuss why this is important later in the newsletter. You are sure to enjoy the humor of our newest (and tallest) member of our family. Be sure to introduce yourself next time you stop by.



SecureFilePro is in, Canopy is out

There is nothing more important to us than to ensure that all of your personal information and identity is secure. To do this, we offer our clients a portal. Our portal allows us to send documents electronically and securely to our clients to significantly reduce chances of fraud and identity theft. You may remember that we used Canopy for this service in 2018. Canopy was not as user-friendly as we had hoped. After some research and testing, we think we have found the best option all around. Our portal this year (and we hope for a long time) is called “SecureFilePro”. It is very simple to use and we are trying to set everyone up timely so that they can take advantage of this service this tax season. If you have expressed an interest in using SecureFilePro, you should have received an email (it will be from mark@staffordandpeasall.com) that describes how to set up your personalized account. At that point, you will have the ability to upload documents that you wish to share with us and download documents that we have shared with you. If you are interested in using the portal and have not received your email invitation or you would like more information, please call or email us immediately and we will get you set up.



Want to learn more about us? Check out our website:
www.staffordandpeasall.com

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Does the new tax law affect you?

The quick answer is: if you are a taxpayer in the United States of America, then yes, you're affected. Here are a couple of facts that we think might be relevant to you.

For individuals...

- ◆ **Change in tax brackets**– the tax brackets have decreased in 2018. The table to the right shows the tax brackets of married taxpayers filing a joint return. As you can see, the lowest bracket is still 10% and the

Married Joint Filers			
2017		2018	
10.0%	Up to \$19,050	10.0%	Up to \$19,050
15.0%	Over \$19,050 to \$77,400	12.0%	Over \$19,050 to \$77,400
25.0%	Over \$77,400 to \$156,150	22.0%	Over \$77,400 to \$165,000
28.0%	Over \$156,150 to \$237,950	24.0%	Over \$165,000 to \$315,000
33.0%	Over \$237,950 to \$424,950	32.0%	Over \$315,000 to \$400,000
35.0%	Over \$424,950 to \$480,050	35.0%	Over \$400,000 to \$600,000
39.6%	Over \$480,050	37.0%	Over \$600,000

- highest bracket has been reduced by 2.6% to 37% from 39.6%.
- ◆ **Increase in standard deduction**– the standard deduction has almost doubled. If you were married and filed a joint return in 2017, your standard deduction would have been \$12,700. If you are married and will file a joint return in 2018, your standard deduction will be \$24,000.
- ◆ **Unreimbursed employee expenses**– employees who had job expenses that were not reimbursed by their employer can no longer deduct those unreimbursed expenses. Additionally, other miscellaneous itemized deductions (i.e. tax preparation fees, investment expenses) are no longer deductible. Be advised that we still encourage taxpayers to pay their tax preparers.
- ◆ **Elimination of exemptions**– the exemptions for dependents have been eliminated in 2018. In 2017, you should have received an exemption in the amount of \$4,050 for each of your dependents. To offset the elimination of the exemptions, there is a \$500 tax credit for dependents over 17 available in 2018.
- ◆ **Child tax credit doubles**– the child tax credit has doubled from \$1,000 to \$2,000 for qualifying children under the age of 17. Any portion of this credit that exceeds your tax liability may be refundable, except that the refundable portion cannot exceed \$1,400 per qualifying child.
- ◆ **Health insurance penalty**– some of our clients have been asking if there will be a penalty for not having qualified health insurance in 2018. The answer is yes for 2018. However, for 2019, the penalty for not having qualified health insurance has been eliminated.
- ◆ **Due diligence surrounding certain credits**– the IRS continues to increase their scrutiny of taxpayers surrounding several credits: the Earned Income Tax Credit, the Child Tax Credit, the Additional Child Tax Credit, and the American Opportunity Tax Credit. As such, tax preparers are required to have more documentation if they are going to prepare returns with these kinds of credits. At Stafford & Peasall, we will continue to fulfill our responsibility as directed by the IRS and thank you for your patience and cooperation.

For businesses...

- ◆ **“QBI” deduction**– the main item to be sure you take advantage of is the new deduction under Code Section 199A, also known as the Qualified Business Income (QBI) deduction. Here’s the short of it: if you are taxed as a sole proprietorship, partnership, or an S corporation you might qualify for a deduction equal to 20% of your “qualified business income”. There are many hoops to jump through before you can take advantage of the QBI deduction so be careful who you allow to prepare your return- you could be missing deductions and paying more tax than you should be; or, you could be taking deductions that you should not be taking and exposing yourself to troubles with the IRS.
- ◆ **Flat rate for C corporations**– all taxable income for entities taxed as a C corporation is taxed at a flat rate of 21%. The separate tax rates for personal service corporations has been axed. The maximum tax rate on net long-term capital gains has also been eliminated.
- ◆ **Bonus depreciation up to 100%**– If you have acquired property and placed that property in service on or after September 27, 2017, you may elect to take bonus depreciation of up to 100% of the adjusted basis.
- ◆ **Section 179**– The new law allows a taxpayer to expense up to \$1,000,000 of the cost of qualifying property placed in service in 2018.

Mark your calendars!

January	
7 IRS begins accepting business returns	15 Last quarterly tax payment is due
15 Monthly payroll deposit due	28 IRS begins accepting personal returns
31 4th quarter payroll taxes are due	
February	
15 Monthly payroll deposit due	27 IRS will release refunds for EITC and child credit returns
March	
15 Monthly payroll deposit due	15 Partnership and S Corp returns due
April	
15 Monthly payroll deposit due	15 C Corp returns due
15 2018 ROTH/traditional IRA deadline	15 Individual tax returns due
31 1st quarter payroll taxes are due	
	Individual dates
	Business dates

We can't wait to see you...by appointment, please

This is another area that we weren't as successful as we would have liked to have been last year. So this year, we are attempting to call all of our clients that meet with us to set an appointment. If you do not hear from us by January 21st, please call us as soon as possible so we can get you scheduled.

What is your preparer's credentials?

The Internal Revenue Service has said it best. Based on IRS.gov:

“There are various types of tax return preparers, including certified public accountants, enrolled agents, attorneys, and many others who don't have a professional credential. You expect your preparer to be skilled in tax preparation and to accurately file your income tax return. You trust him or her with your most personal information. They know about your marriage, your income, your children and your social security numbers – the details of your financial life. Any tax professional with an IRS Preparer Tax Identification Number (PTIN) is authorized to prepare federal tax returns. *However, tax professionals have differing levels of skills, education and expertise (emphasis added).*”

An important difference in the types of practitioners is that certified public accountants and enrolled agents may represent their clients on any matters including audits, payment/collection issues, and appeals.



Certified Public Accountants – Licensed by state boards of accountancy, the District of Columbia, and U.S. territories. Certified public accountants have passed the Uniform CPA Examination. They have completed a study in accounting at a college or university and also met experience and good character requirements established by their respective boards of accountancy. In addition, CPAs must comply with ethical requirements and complete specified levels of continuing education in order to maintain an active CPA license.

Enrolled Agents – Licensed by the IRS. Enrolled agents are subject to a suitability check and must pass a three-part Special Enrollment Examination, which is a comprehensive exam that requires them to demonstrate proficiency in federal tax planning, individual and business tax return preparation, and representation. They must complete 72 hours of continuing education every 3 years.”

The bottom line is this: before you let just anyone prepare your return, find out their qualifications. In the state of Florida, there are approximately 54,000 individuals authorized by the IRS to prepare tax returns. Of those 54,000 individuals, only 128 of them have both their CPA and EA licenses. In Brandon, there are only two individuals who are both CPAs and EAs: Mark K. Stafford and Joshua D. Peasall— the two partners at Stafford & Peasall, CPAs. We pride ourselves in our commitment to understanding the tax law and being able to effectively and efficiently serve our clients' tax needs. Don't make the mistake of choosing the wrong preparer. Do your research and you'll likely save yourself time, money, and headache.



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CPAs

We have your solution.

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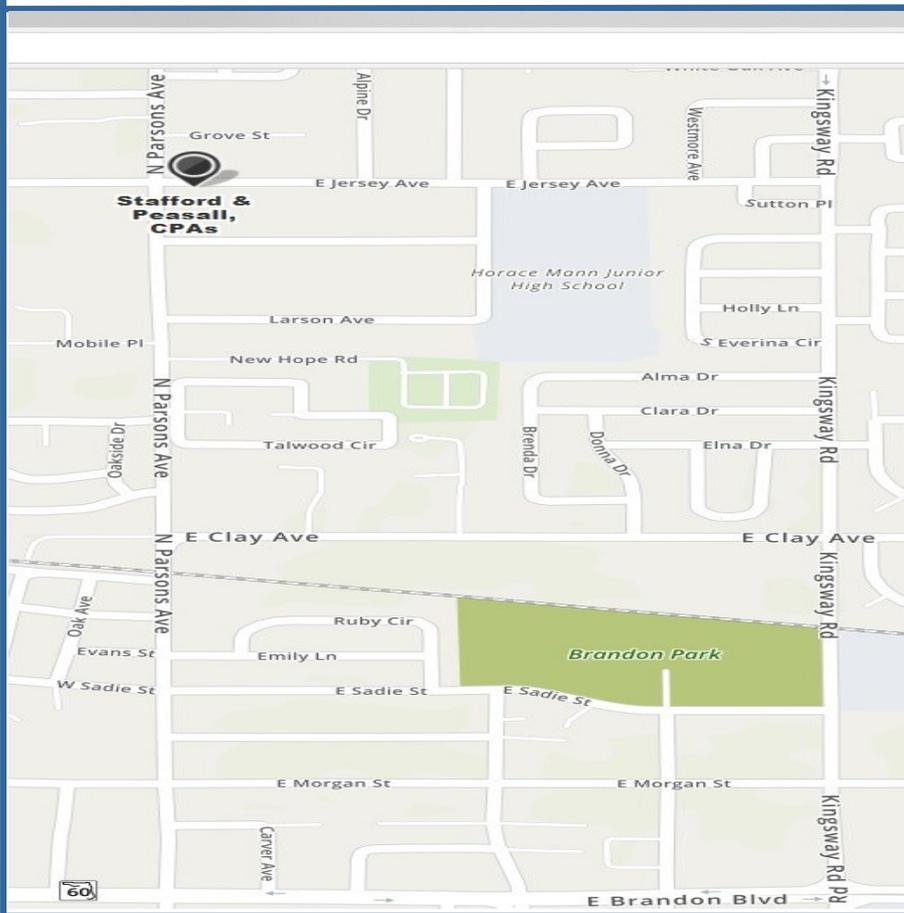
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