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## ***Happy Holidays 2017!***

***We hope you had a Merry Christmas!! Here are your important tax points for 2017.***

***Note: We held this letter until the new tax code was decided--but keep in mind this will be subject to revisions and clarifications for the next 12 months. So, Item #8 is Brian's top tax tidbits for 2018, subject to change.***

▶ **Item #1: Obamacare Penalties.**

If you did not have 12 months of medical coverage, the 2017 penalties are: an adult without coverage is \$695 (for a family it is a maximum of 3 people = \$2,085 or 2.5% of your adjusted income- whichever is higher). Be sure to fill out that section on your attached "tax info sheet." This goes away in 2019 due to the new tax code.

▶ **Item #2: College Students**

If your child is attending college and doing their own taxes this year, BE SURE that they don't claim themselves if you are paying 50% of their support during the year. The deduction is usually worth much more to the parent than the child, and you can always reimburse them the difference; but fixing it after their return is filed is messy.

▶ **Item #3: Business Section 179 Expensing and other Deductions**

Sect. 179 expense deduction for equipment purchases is a maximum \$500,000 on certain business property. Bonus depreciation for qualified property is still 50% for 2015-17. Other Deductions include: Educator expense is still \$250.

▶ **Item #4: Don't Wait to Start Your Taxes**

Because of the federal allowance for March reporting of investments, many people are waiting until very late in the season to drop off their taxes. If you are missing only a small piece of your tax information, bring them in to get started and just mark your "tax info sheet" that you are still missing XX so we don't go to final on them. As long as we don't do the final print and proof, your cost is the same, and we aren't up against a hard deadline if we need to request any other information that you might be missing. Please aim to have all pieces of your tax return in by March 31st. Also, if your taxes are prepared early, you do not have to pay them until April 15th.

▶ **Item #5: Pass-worded Files**

If we e-mail a file that is password protected, that password is the last 4 digits of our office phone number – 4565. If we have to e-mail a PDF of your tax return it is pass-worded with your entire social security number or federal ID number.

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► **Item #6: Goodwill Donation Values, etc.**

Check out our website for the “donation” price list for your Goodwill items, etc. This is a basic guide as to what is GENERALLY claimed per item. Use your own judgment if the item is particularly nice/expensive. [BrianLindbergCPA.com](http://BrianLindbergCPA.com)  
Look under “Useful Forms” tab.

► **Item #7: Additional Stuff:**

**Flexible Spending Accounts / 125-Plans** The Medical Reimbursement portion is \$2,600 for 2017, \$2,650 for 2018

**Business Standard Mileage Rates** = 53.5 cents per mile for business in 2017 (changing to 54.5 cents in 2018)

**Check your return on-line** Check the progress of your refund on-line. [www.irs.gov](http://www.irs.gov), and [www.michigan.gov/iit](http://www.michigan.gov/iit) (individual) or [www.michigan.gov/bustax](http://www.michigan.gov/bustax) (business)

**Record Keeping and Privacy Policy** - no change since 2015, see the website for info.

**Quickbook Files** – remember, if you provide a backup of Quickbooks, do not send the “Accountant’s Copy” or “Portable”.  
Send the **normal backup**.

► **Item #8: How the New Tax Code works in 2018 - here are a few hi-lights:**

- 1) Personal Exemption: 2017 = \$4,150 for every dependent (this ends in 2017). In 2018 a higher Standard Deduction takes its place = \$12,000 per single filer, \$24,000 filing jointly (no claiming dependents). (If you have 0-3 kids you will break even or gain compared to 2017.)
- 2) Child Credit (per child, age 17 or under): 2017 = \$1,000, 2018 = \$2,000 (and it doesn't phase out until \$200,000/\$400,000 now). 2018 Non-child Credit: 17yrs or older child/elderly parent/disabled child. (You must be supporting and claiming as a dependent) 2018 = \$500.
- 3) State and local taxes are deductible only up to a \$10,000 cap. (eg. City or State Income tax, Property tax)
- 4) Student loan interest still deductible to \$2,500
- 5) Corporate (C Corp) taxes reduced from 35% to 21%. Pass-through businesses (SubChapter S, Partnerships, Sole Proprietorship, etc) get a 20% deduction subject to income limits.
- 6) Section 179 raises to \$1,000,000 on certain business properties. Bonus depreciation on new investments goes to full expensing for five years (instead of 50%).
- 7) Gifting Annual Exclusion: 2017 = \$14,000, 2018 = \$15,000.
- 8) Lots more, but let's see how it is changed over the next 12 months. :o)