



Tax & Financial Guide

Business and Personal ACCOUNTING, TAX,
SOFTWARE & FINANCIAL PLANNING SERVICES

Still Time To Plan

There is still time for year-end planning. You can max out your retirement accounts contributions. For work retirement accounts, the money must be deposited by 12/31/18. For IRAs, you have until 4/15/19 to make your contributions.

If you will be itemizing deductions on your 2018 tax return, charitable contributions will reduce your tax liability if you pay by year-end.

If you have real estate taxes

to pay, there are limitations this year to deductions. Call our office to find out how much you can deduct on your 2018 tax returns, especially on your state tax return. If you pay none of your real estate taxes before year-end, you could lose up to \$300 of a WI state tax credit.

If you have medical flex spending through your employer, use it before year-end or lose it. There are many reasons to call our office before year-end.

Sales Tax Complications

If you purchase things online you should pay Wisconsin sales tax if you live in Wisconsin. There are now almost 20 states adding sales tax on people's purchases. If they don't, you must pay use tax for your purchases on your 2018 income tax returns.

If you sell products to other

states, you *must* find out which states require you to collect their sales tax and remit it to them on a timely basis. Ignorance of the law is no excuse and the state can charge you tax, interest, and penalties for not abiding by their requirements.

Tax Organizers

We still plan to send our tax organizers to you in early January. If you prefer to get the organizer emailed to you, or are not interested in receiving the organizer, please let us know by the first week of January.

You can also email your

documents to us in a secure manner. Let us know if you want the secure email to which you can attach your documents. This is the best way to get your information to us and avoid rampant identity theft and scamming.

Social Security Taxes/Benefits

Social security tax on wages increases to \$132,900 in 2019. This doesn't affect most of us and tax rates for social security and medicare remain the same.

Retirees collecting social security will get a 2.8% increase in their benefits. The medicare rate is also increasing so part of that "big" increase is already gone.

There can be a lot of planning to do when deciding if it's time to start collecting social security benefits. We can help you determine the best timing.

Withheld Enough?

The Government reports nearly 30 million taxpayers are under-withholding in 2018. I hope you have heeded our warnings to withhold enough so we don't have to give you bad news when preparing your tax returns.

Mileage Rates

The business mileage rate for 2019 is 58 cents per mile, the charitable mileage rate is 14 cents per mile and the medical mileage rate is now 20 cents per mile.

Fourth Quarter Tax Estimates are due January 15, 2019. If you want us to prepare them for you, we need your income, deductions and withholding amounts in our office by January 9, 2019. If you itemize, it may be beneficial for you to pay your state estimate by December 31, 2018.

Please call our office to discuss any of the items in this newsletter that may pertain to you.



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Murphy Financial Services, Inc. web site is at www.murphyEA.com. If you misplace your newsletters, or your information sheets that I have given you (i.e. contributions, enrolled agents, etc.), you will be able to find them on the web site.

Please note that our e-mail address is: sharon@murphyea.com.

PRIVACY POLICY
We do not disclose any non-public personal information about our clients or former clients to anyone, except as instructed to do so by such clients, or required by law. We restrict access to non-public personal information only to IRS or state authorities and we maintain physical, electronic, and procedural safeguards to guard your personal non-public information.

Business Mileage And Inventory

If you use your auto for business or for rental properties and plan to take a deduction for your business mileage, make sure you record your odometer reading on 12/31 of every year. That will give you the total miles put on the vehicle each year. You still need to have documentation of your business miles.

If your business has

inventory, make sure you calculate and record your ending inventory on 12/31 of each year. Inventory consists of finished products (products ready to sell), products in process (some work has been done but the product is not yet ready to sell), and raw materials. The value of the inventory is based on your cost, not what you will sell it for.

Tax Processing

There is a very good chance that the IRS will not begin processing 2018 tax returns until February 2019. There have been years where they didn't process tax returns with certain deductions until February.

This year, because of the

tax code changes, they may not process anything until later. Bring your documents to us when you have them. If we prepare your tax returns and the IRS is not accepting them, we will keep the returns until we can file them, and notify you that they have been filed.

1099s Needed For Certain Payments

If you have a business you may need to issue 1099-Misc forms to people or businesses you paid money to during 2018. Royalty payments of \$10 or more may require 1099 reporting depending on

the royalty and recipient. If you paid at least \$600 for: Rents, services performed (including parts and materials), prizes and awards, medical and health care, crop insurance proceeds, fish you

Alimony

According to the new tax code, alimony on post 2018 divorce decrees is not taxable to the recipient, nor deductible to the payer. For those divorced prior to 2019, their alimony agreement can be modified to comply with the new tax code as long as both parties agree. Good luck getting the payer to agree that it is no longer tax deductible.

Convenient Parking

Remember, we have parking behind our building. Since there are times it can be difficult to find parking on Vliet St., you can easily park behind our building when you bring in your tax documents or visit us for any other reason.

purchased from anyone engaged in catching fish, other income payments, and payments to attorneys, you need to issue a 1099. For help with 1099s please contact us by January 15, 2019.

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