

From the desk of Daiva Silbajoris, EA

2018 TAX PREPARATION CHECK LIST

INCOME

- Wages
- Interest & Dividend Income (including foreign bank accounts)
- Unemployment
- Miscellaneous Income
 - Gambling & Lottery Winnings
 - Jury Duty
 - Cancelled Debt
 - Social Security
 - Alimony Received
 - State Income Tax Refund
- Pensions, Annuities & IRA Distributions
- Self-Employment Income from Business
- Rent or Royalty Income
- S Corporations, Partnerships, Estates & Trusts
- Sales of Property (Gains or Losses)
 - Stocks, Bonds & Mutual Funds
 - Sale of Real Estate - Principal residence excludable up to \$250,000 (\$500,000 for MFJ)
(If you purchased or sold property, or refinanced a mortgage, have your closing statements available.)

2018 FEDERAL CREDITS/DEDUCTIONS – *may be subject to Adjusted Gross Income limitations*

- Child Tax Credit - \$2,000 per child under the age of 17 years old.
- New Other Dependent Credit - \$500 for those who don't qualify for the Child Tax Credit.
- American Opportunity Tax Credit - up to \$2,500 credit per family for the first four years of post-secondary education.
- Lifetime Learning Credit - up to \$2,000 credit per family for *any* post-secondary education.
- Alternative Minimum Tax (AMT) – exemptions have been substantially increased.

NEW YORK STATE CHANGES

- New York State allows for Itemized Deductions regardless of whether you itemize on your federal tax return, using the rules as they existed prior to the enactment of TCJA. This will allow deductions for:
 - All real estate taxes (not limited to the \$10,000 cap)
 - Miscellaneous itemized deductions in excess of 2% of AGI, including union dues, tax preparation costs, qualified business expenses and qualified investment expenses.
- NYS Child and Dependent Care Credit can now be claimed on any number of qualified persons (previously limited to two qualified persons).

(over)

DEDUCTIONS

- IRA, Keogh & SEP Deductions - IRA & Roth IRA deduction up to \$5,500 (+ \$1,000 if over 50 years old)
- Self Employed Health Insurance Premiums (includes Medicare premiums)
- Student Loan Interest Deduction – up to a maximum of \$2,500
- Moving Expenses – for military personnel only
- Medical - must exceed 7.5% of income
 - Doctors, Dentists & Nursing Care
 - Lab fees & exams
 - Prescription medicines & insulin - Not OTC
 - Prescribed Stop-Smoking Programs
 - Long Term Care Insurance Premiums
 - Eye glasses, contact lenses & eye exams
 - Medical & Hospital insurance premiums
 - Transportation for medical purposes
 - Orthopedic aids & support equipment
 - Nursing Care
- Taxes (SALT) – Limited to \$10,000
 - State and local income taxes *OR* General Sales Tax (including autos, boats, etc.)
 - Real estate taxes
 - State or local personal property taxes
- Interest
 - Home mortgage interest – limited to \$750,000 mortgage
 - Points
 - Home equity loan interest – for acquisition or home improvement only
 - Investment Interest
- Contributions (Must have a receipt or bank record for ALL contributions)
 - House of Worship
 - Nonprofit schools & hospitals
 - Nonprofit organizations
 - Public parks & recreational facilities
- Used clothing and Goods-In-Kind - find the fair market value at www.satruck.org/donation-value-guide
- Used Autos - Need acknowledgment from the charity with details of the auto's disposition.
- Casualty Losses – only applicable to Federally Declared Disaster areas.

UPDATE FOR 2018

- Affordable Care Act** – all household members must still have qualified health insurance coverage.
 - Omission of Health Insurance information will delay processing of the tax returns.
 - Coverage may be Government sponsored (Medicare, Medicaid), purchased through the Marketplace or employer sponsored.
 - Taxpayers without qualified coverage will be subject to a Shared Responsibility Payment (or 2.5% penalty of household income over the filing threshold), with a penalty of \$695 per adult family member.
 - Individuals/Families should receive a 1095 form which shows your health insurance coverage.
 - Form 1095A must be provided to calculate any Premium Tax Credit.



- New York State Driver's License or State Identification Required** – to help prevent identity theft and tax fraud, NYS still requires taxpayers to provide driver's license or state identification card information. Omitting this information may cause delays in processing of refunds.