



Clemmons & Company Inc.

"ONE ON ONE SERVICE IN ACCOUNTING, TAXES AND BUSINESS CONSULTING"

NEWSLETTER

By: Faythe A. Clemmons, EA, NTPI Fellow, ABA, ATP

December 2018/January 2019

EDITOR'S NOTE

Do you remember when the cellular carriers started switching from analog service to digital service? If you had experiences similar to mine, your phone calls were constantly being dropped and we all knew the phrase, "Can you hear me now?" all too well. That change was one of the biggest advancements in cellular service since the inception of mobile telephones. As you know, they had many wrinkles to iron out in order for us to have the digital service that we have now. I must say the tax law changes in 2018 are some of the most monumental ones. The enactment of the 2017 tax reform, which mostly took effect in 2018, is one of the most historical ones. Just like the cellular service, Congress has quite a few wrinkles to still iron out. In 2018, I was very fortunate to meet and engage some of the best masterminds in the world of taxation and tax resolution. Of course, I tried to absorb all of the knowledge like a sponge.

Thank you to all of Clemmons and Company's loyal clients, new clients that joined our family, vendors, colleagues, mentors and of course my awesome staff. I cannot thank my Board of Directors enough for working behind the scenes making sure that the Company is stable, solid and rendering the best possible service to all of its clients and employees. I could not do this without all of you. This year will mark Clemmons and Company's 25 years of business. I am not sure where the time went, but wow 25 years. I look forward to celebrating another year with you!

\$\$ GET PAID \$\$

To express our gratitude, Clemmons and Company, Inc. will reward a referral fee for all eligible referrals. Referrals for small businesses and individuals in need of tax representation services including audits, collections and filing/tax issues are greatly appreciated.

TAX LAW CHANGES RECAP

- ◆ **Form 1040** - Has a new look and has been reformatted to a postcard size.
- ◆ **Individual Tax Brackets** - The new income tax brackets are 10%, 12%, 22%, 24%, 30%, 35% and 37%.
- ◆ **Standard Deduction** - Single/Married Filing Separately increased to \$12,000. Married Filing Jointly/Qualifying Widow increased to \$24,000. Head of Household increased to \$18,000.
- ◆ **Personal Exemptions** - This deduction has been eliminated for tax years 2018 - 2025.
- ◆ **Child Tax Credit** - This credit is now \$2,000 per qualifying child which \$1,400 may be refundable.
- ◆ **Medical Expenses** - Medical expenses exceeding 7.5% of adjusted gross income are deductible as an itemized deduction.
- ◆ **State and Local Tax Deduction** - This itemized deduction is limited to \$10,000.00.
- ◆ **Mortgage Interest Deduction** - Grandfathered homes are limited to interest on \$1,000,000 debt. New home acquisition debt acquired after 12.15.17 are limited to interest on \$750,000. Home equity interest is only deductible if the loan proceeds are used to buy, build or improve the home that secures the loan.
- ◆ **Job Expense/Miscellaneous Deductions** - This 2% itemized deduction (which includes i.e. unreimbursed employee expenses, hobby expenses and investment expenses) has been eliminated for tax years 2018 - 2025.
- ◆ **Casualty and Theft Loss Deduction** - Is not a deductible itemized deduction except in a federally declared disaster area.
- ◆ **Special Disaster Provisions** - For victims of the 2017 Hurricanes Irma, Maria and Harvey, the 2017 California Wildfires and any Federal Disaster in 2016 qualify for special tax treatment and provisions.
- ◆ **ACA Penalty** - Effective for tax year 2019, the penalty for not having health insurance has been eliminated.
- ◆ **Moving Expense** - This deduction has been disallowed except for members of the armed forces.
- ◆ **Itemized Deduction Limitation** - The phase-out has been eliminated for tax years 2018 - 2025.
- ◆ **Alimony** - Alimony received in 2019 or after, is not deductible by the payor nor is it included in income by the recipient.

MAILING ADDRESS: 1340 W 27TH STREET, RIVIERA BEACH, FL 33404

518 NORTH US HIGHWAY 1, SUITE 218, NORTH PALM BEACH, FL 33408

TELEPHONE: 561-863-3609 FACSIMILE: 561-840-9675 WEBSITE: CLEMMONSANDCOMPANY.COM



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TAXLAW CHANGES RECAP

- ◆ **Standard Mileage Rates** – For 2019, the standard mileage rates are business: \$.58 a mile; medical: \$.20 a mile; charitable contribution: \$.14 a mile.
- ◆ **Qualified Business Income (QBI)** - An individual taxpayer may deduct, if eligible, 20% of income from partnerships, S Corporation and sole proprietorships
- ◆ **Section 179** - The expenses limit has doubled.
- ◆ **Bonus Depreciation** - For property placed in service after September 27, 2017, a taxpayer may take 100% of bonus depreciation.
- ◆ **Entertainment Expenses** - Business entertainment expenses are no longer deductible. Business meals are still 50% deductible.
- ◆ **Net Operating Loss** - A net operating loss is limited to 80% of your taxable income and can be carried forward indefinitely but can no longer be carried back.
- ◆ **C Corporations** - These corporations now benefit from having a flat tax rate which is 21% of all taxable income. Personal Service Corporations no longer have to pay a separate tax rate.
- ◆ **Domestic Production Activity Deduction** - This deduction has been eliminated.

(To see how these changes effect you individually or to obtain more information regarding the new tax laws, please speak with your tax advisor)

THE LIGHTER SIDE



"Our books are balanced. 50% of our numbers are real and 50% are made up."

TAX WORD SCRAMBLE

- DS STAAU CCTTJBNO AX _____
- CTTIO AAB 02 B8PD NRITSUGEIFA _____
- OATIXANT _____
- R MO001F4 _____
- BETSCRRIHITALATCO NIBUON _____
- ENOIQSI CAOFSNUIDCL BN TUIEDESEUDMI _____
- C XLNTOAAIEBEM _____
- CTRTXABEAK _____
- CMEIDTTE INDUZIDEO _____
- M ECRLOAITNEN _____
- IYTNEXA _____

INSIDE NEWS

Clemmons and Company had changes too.

- To assist with the high demand for taxpayers who are facing tax troubles, **Clemmons and Company** decided to restructure our firm to concentrate on tax resolution services.
- The **Riviera Beach office** underwent a massive facelift. We look forward to servicing clients in the newly and completely renovated office.
- **Faythe A. Clemmons, EA, NTPI Fellow, ABA, ATP** consistently completes intensive continuing education courses in tax laws and IRS resolution. Although Ms. Clemmons is a National Tax Practice Institute Fellow (which is one of the most thorough programs for IRS resolution), currently she is working on becoming a Certified Tax Resolution Specialist in order to assist taxpayers even more with their diverse and complex tax issues. Ms. Clemmons also served as Vice-President to the Board of Directors of the Palm Beach County Florida Society of Enrolled Agents for the 2017/2018 year and 2018/2019 year.
- The spotlight goes to **Daniel D Battle, Jr.** who celebrated his fifth year with Clemmons and Company, Inc in July 2018.
- **Nicole I Alarcon** was promoted to a staff bookkeeper.
- **Jamie W Spear**, staff bookkeeper, is a busy wife and mom, but she still manages to work part time and Clemmons and Company appreciates her 18 years of service.
- **Elnora Mitchell**, staff Enrolled Agent, who saves the day more times than can be counted with her vast accounting and tax knowledge.

CONNECT WITH US

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