



## TAX CHECKLIST

Some of the more common items and information required for the preparation of tax returns are listed below. If you would like a more detailed questionnaire, please visit our website at [www.qualitytax.org](http://www.qualitytax.org) or contact our office.

**PERSONAL INFORMATION**

Full Names-as shown on Social Security card, birth date, marital status, address, and phone number.

**DEPENDENTS**

- A. Social Security name, number and birth date of all dependents
- B. Did any child turn 19 years old?
- C. Was any dependent claimed on another person's return, or did they file their own return?
- D. Any child under age 14 with interest and dividends more than \$1,600?
- E. Add or delete any dependents?

**INCOME**

- A. Forms W2, 1099 Interest and Dividends, Social Security, Gambling, Unemployment, Pension and IRA distributions, Sale of Property, etc.
- B. Form K-1 from Partnerships, Estates, Trusts, etc.
- C. Alimony.

**MEDICAL COSTS/ACA PREMIUM CREDIT**

*If total is more than 10% of income*

Medical insurance, Long Term Care insurance, doctors, dentist, prescriptions, glasses, hospitals, medical equipment, travel, etc.

Form 1095-A required for insurance purchased on health exchange.

**TAXES**

DMV vehicle license fee (VLF) portion only, property taxes (home, boat, airplane, etc), and sales tax on vehicles and large items.

**INTEREST**

Mortgage on personal residence and second home. Can be an RV. If paid to an individual, their name, address, and Social Security number is required.

**CHARITABLE CONTRIBUTIONS**

- A. Money donations to Churches, Cancer, Heart, Scouts, and other such funds. Documentation (canceled check or receipt) required for any amount. Payroll deduction to United Way, etc.
- B. Travel and Expenses for above organizations if a volunteer, leader or chaperone, etc.
- C. Non-cash donations of clothing, household items, etc. If total is over \$500, the name, date, and address of organization and description of articles given is required. Receipt is required for all donations. Appraisal required if value of any item is \$5,000 or more. Special rules apply to cars. Must have letter from charity stating the vehicle selling price.

**MISCELLANEOUS DEDUCTIONS**

*If more than 2% of income*

- A. EMPLOYEE: Union dues, Professional dues, licenses, subscriptions, Uniforms, Supplies required for job, Insurance, Continuing education, Job travel and meals, Teacher classroom expenses.
- B. OTHER: Tax advice and preparation fees, investment journals and fees, etc.

**CREDITS**

- A. Education-Qualified college tuition and certain mandatory fees qualify and are listed on form 1098-T from school, **normally downloaded from school account** (1098-T required for credit or deduction). Mandatory enrollment fees and material expenses may also be allowed. Books allowed, if for first 4 years of school. KEEP RECEIPTS.
- B. Child Care-Provider's name, address, telephone number and tax ID are required.
- C. Renter's credit if rented in California more than 6 months.
- D. Solar-Statement from installer listing full cost including installation.

**IRAs**

Contributions and withdrawals for both Traditional and Roth IRAs

**SALE OF STOCK AND SECURITIES**

1099-B from brokerage including date, description, and quantity purchased and sold

**RENTAL PROPERTY**

- A. Income, Expenses, Improvements, Sales, etc.
- B. \*Need to issue form 1099? See below.

**SELF-EMPLOYED**

- A. Income, Expenses, Improvements, Sales, etc.
- B. \*Need to issue form 1099? See below.

**ESTIMATED TAXES**

Payment of estimated tax to IRS or State. Need date and amounts paid. 4<sup>th</sup> quarter payments to state should be made in December if you itemize.

\*Payments of \$600 or more to individuals for personal services, that will be deducted on the tax return, must be reported to the IRS, FTB, and the individual. You need the name, address, and Social Security or tax ID of the payee. Forms 1099 are required to be issued by January 31<sup>st</sup>. We can process these for you. Please call.



## HIGHLIGHTS FOR TAX YEAR 2017

### AFFORDABLE CARE ACT (OBAMACARE)-PENALTY REPEALED 1/1/19

- Credit-To qualify for the Premium Tax Credit, you were required to purchase insurance through the Health Insurance Marketplace and you will receive an information statement (1095-A) by January 31<sup>st</sup> to help calculate the amount of the credit.

### STANDARD MILEAGE RATE DEDUCTION

For **Tax Year 2017**, the allowable standard mileage rate deductions are as follows:

- **Business miles.** Standard mileage rate for the cost of operating your car for business is **53.5** cents per mile.
- **Charitable services.** Standard mileage rate to provide charitable services is **14** cents per mile.
- **Medical reasons or Moving.** Standard mileage rate allowed for medical reasons or moving is **17** cents per mile.

### FOREIGN BANK OR FINANCIAL ACCOUNTS

Foreign bank or financial accounts, if over \$10,000, must be reported on tax return and a separate report, FinCEN Report 114 (FBAR) filed by April 15<sup>th</sup> each year. This does not apply if accounts are held in US brokerage accounts. Be sure to tell us. There are big penalties possible (minimum of \$10,000) if not disclosed.

## 2018 FEDERAL TAX REFORM

### 2018 TAX RATES

Most of the individual income tax rates have been decreased for 2018.

- 10% (income up to \$9,525 for individuals; up to \$19,050 for married couples filing jointly)
- 12% (over \$9,525 to \$38,700; over \$19,050 to \$77,400 for couples)
- 22% (over \$38,700 to \$82,500; over \$77,400 to \$165,000 for couples)
- 24% (over \$82,500 to \$157,500; over \$165,000 to \$315,000 for couples)
- 32% (over \$157,500 to \$200,000; over \$315,000 to \$400,000 for couples)
- 35% (over \$200,000 to \$500,000; over \$400,000 to \$600,000 for couples)
- 37% (over \$500,000; over \$600,000 for couples)

### STANDARD DEDUCTION AND PERSONAL EXEMPTIONS

The standard deduction has been almost doubled to \$12,000 for individuals and \$24,000 for couples but personal exemptions including for dependents have been eliminated in 2018

### ITEMIZED DEDUCTIONS

- Medical Deductions-Medical deductions over 10% (7.5% for 2018 and 2019) are still allowed as a deduction
- State/Local/Real Estate Taxes-Deduction for taxes has been limited to \$10,000 total
- Mortgage interest-Interest on newly purchased 1<sup>st</sup> and 2<sup>nd</sup> homes is deductible on the first \$750,000 owed, down from \$1 million. Interest on currently owned homes is unaffected. Home equity interest deduction is eliminated.
- All Unreimbursed Work Expenses and Union Dues deductions have been eliminated

### CREDITS AND SPECIAL DEDUCTIONS

- Child Tax Credit is doubled to \$2,000/child and raises income limits to \$200,000 and \$400,000 for couples
- Credit of \$500 for non-child dependents such as college students
- Deduction for teaching supplies is still \$250
- Deduction for Student Loan Interest allowed
- Deductions for Moving Expenses, Alimony (for divorces finalized after 12/31/18), and losses (fire, theft, etc), other than from federally declared natural disasters, are no longer deductible

### DEDUCTION FOR BUSINESS (PASS-THROUGH) INCOME

- Taxpayers are able to deduct up to 20% of their pass-through income from businesses including Sole-Proprietorship, Partnership, LLC, or S-Corp from their taxable income.

**\*\*\*No changes to current law for adoption credit, electric vehicle credit, education credits and deductions, and exclusion of income from sale of primary residence.**