

<b>1040</b> <b>Simplified</b>	Department of the Treasury—Internal Revenue Service	OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.
	<b>U.S. Individual Income Tax Return</b> <b>2018</b>	<input type="checkbox"/> Married filing separate return	<input type="checkbox"/> Qualifying widow(er) <input type="checkbox"/> Head of household
Your first name and initial	Last name	You were born before January 2, 1954	You are blind
Standard deduction:	<input type="checkbox"/> Someone can claim you as a dependent	Your social security number	
Spouse or qualifying person's first name and initial (see inst.)	Last name	Spouse's social security number	
Standard deduction:	<input type="checkbox"/> Someone can claim your spouse as a dependent	Apt. no.	
<input type="checkbox"/> Your spouse is blind	<input type="checkbox"/> Your spouse was born before January 2, 1954	<input checked="" type="checkbox"/> If you want \$3 to go to the fund (see inst.) <input type="checkbox"/> You <input type="checkbox"/> Spouse	
Home address (number and street).	<input type="checkbox"/> Your spouse itemizes on a separate return or you were dual-status alien	<input type="checkbox"/> Full-year health care coverage (see instructions)	
City, town or post office, state, and ZIP code. If you have a foreign address, attach Schedule F.	(a) Social security number	(b) <input checked="" type="checkbox"/> If qualifies for (see inst.): Credit for other dependents	
<b>Dependents</b> (see instructions).	Last name	(c) Relationship to you	
(f) First name	Date	Child tax credit	
Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and accurately reflect all amounts and sources of income I received during the tax year. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.	Your signature	If the IRS sent you an Identity Protection PIN, enter it here (see inst.)	
Preparer's signature	Date	If the IRS sent you an Identity Protection PIN, enter it here (see inst.)	
Print/Type preparer's name	Spouse's occupation	Check if: <input type="checkbox"/> 3rd Party Designee <input type="checkbox"/> Self-employed	
Firm's name	Firm's EIN	Form <b>1040</b> 2018	
Paid Preparer's	Cat. No. 11320B		

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions.

Form 1040 (2018)		Page <b>2</b>
<b>1</b> Wages, salaries, tips, etc. Attach Form W-2 <b>2a</b> Tax-exempt interest <b>3a</b> Qualified dividends <b>3b</b> IRAs, pensions, and annuities <b>4a</b> Social security benefits <b>5</b> Additional income and adjustments to income: Attach Schedule 1 <b>6</b> Adjusted gross income. Combine lines 1 through 6 <b>7</b> Enter the standard deduction. Combine lines 1 through 6 <b>8</b> Qualified business income deduction (see instructions). Attach Schedule A <b>9</b> Taxable income. Subtract lines 8 and 9 from line 7. If zero or less, enter -0- <b>10</b> Tax (see instructions). Attach Schedule 2 if required <b>11</b> If you filed nonrefundable credits, attach Schedule 3 <b>12</b> Subtract line 12 from line 11 <b>13</b> Other taxes. Attach Schedule 4 <b>14</b> Total tax. Add lines 13 and 14 <b>15</b> Federal income tax withheld from Forms W-2 and 1099 <b>16</b> Refundable credits: a EIC (see inst.) <b>17</b> b Sch 8812 <b>18</b> c Form 8863 <b>19</b> d Other payments or refundable credits from Schedule 5 <b>20a</b> If line 18 is more than line 15, subtract line 15 from line 18. This is the amount you overpaid <b>20b</b> If Form 8868 is attached, check here <b>21</b> Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings <b>22</b> Amount of line 19 you want refunded to you, if Form 8868 is attached, check here <b>23</b> Amount you owe. Subtract line 18 from line 15. For details on how to pay, see instructions <b>24</b> Estimated tax penalty (see instructions)		<b>1</b> <b>2a</b> <b>3a</b> <b>3b</b> <b>4a</b> <b>5</b> <b>6</b> <b>7</b> <b>8</b> <b>9</b> <b>10</b> <b>11</b> <b>12</b> <b>13</b> <b>14</b> <b>15</b> <b>16</b> <b>17</b> <b>18</b> <b>19</b> <b>20a</b> <b>20b</b> <b>21</b> <b>22</b> <b>23</b> <b>24</b>

He humorously says,  
*"I can Hammer out any Tax Problem!"*

# **2018 INDIVIDUAL INCOME TAX WORKSHOP**

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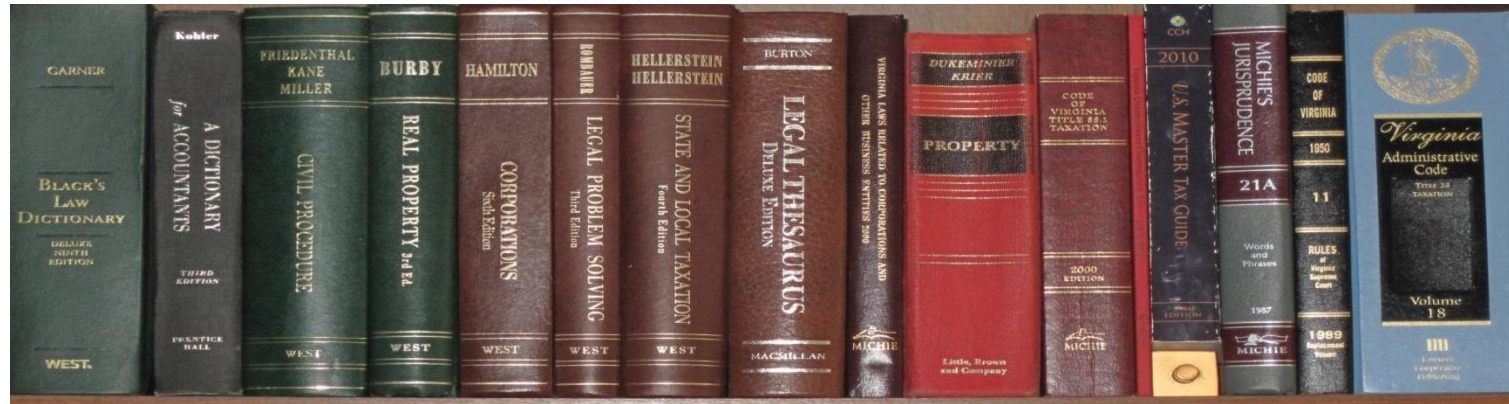
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# 2018 INDIVIDUAL INCOME TAX WORKSHOP



## ***Why should you listen to John B. Goldhamer?***

John B. Goldhamer is an Authored Tax Law Expert with *Education and Experience in all Business Disciplines*, including:

***J.D. - Juris Doctorate Equivalent Legal Education, Finance, Marketing, MBA, Accounting, and Information Systems.***

He has been essentially a *Tax Attorney* for organizations for numerous years; researching, composing, and presenting *Impact Statements on new law, Position Papers on current law, and Tax Appeals* to Administrators, Jurisdictions, and Management.

John compiled “*Thirty Tax Tools*” to assist with *Business, Legal, and Tax Research*, which are on his website.

# 2018 INDIVIDUAL INCOME TAX WORKSHOP



John B. Goldhamer

[www.Linkedin.com/in/JohnGoldhamer](http://www.Linkedin.com/in/JohnGoldhamer)

[www.JohnGoldhamer.com](http://www.JohnGoldhamer.com)

## JOB SEEKER TIPS, TOPICS & TOOLS

John B. Goldhamer is the author of *Job Seeker Tips, Topics & Tools*, which has *Everything a Job Seeker Needs to Get a Job from Beginning to End!*

It contains *Comprehensive Documents* that assist Job Seekers with *Composing: Cover Letters, Resumes, Marketing Plans, Researching Companies and People, as well as Presenting an Image and More!*

At one time, John taught classes on *LinkedIn, Résumé Writing, and Researching the Internet* at Employment Transition Centers and Network Groups. He is also on the speaker circuit to organizations and small groups.



John B. Goldhamer's Website: [www.JohnGoldhamer.com](http://www.JohnGoldhamer.com)


JohnGoldhamer.com

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

[JohnGoldhamer.com](http://JohnGoldhamer.com): Individual Income Tax Workshops & Unemployment Benefits

JohnGoldhamer.com

I can Hammer out any Problem.  
John is a "Jack-of-All Trades, Master of A Few, With Opinions on Everything"



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Resources

Job Seeker Tips, Topics & Tools

- Navigation
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- Repertoire of Successful Business Sentences That Get Good Results
- Santa's Cover Letter, Resume, & Marketing Plan- Examples
- Gritsch's Bad Resume
- Metro Richmond, VA Largest Corporate Employers
- One Stop Websites for Researching Business, People, Facts, & Beyond
- Access Reference USA- Procedures
- Checklist of 35 Things to do Before an Interview, in Rhytm
- List of 35 Questions to Ask an Interviewer
- Job Offer Comparison Worksheet

Writings

- John Goldhamer's Golden Nuggets of Wisdom

Individual Income Tax

- 2018 Individual Income Tax Workshop
- 2017 Individual Income Tax Workshop

Positon Papers

- The 1099 Independent Contractor Requirements
- Starting a Business Requirements
- Health Savings Accounts (HSA) Inquirements and Benefits
- Selling a Home Requirements, Exemptions, and Tax
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- Validating, Verifying, and Disputing IRS Form 1099 Income
- Individual Income Withholding Tax Requirements for Business Travelers Between States
- IRS Required Minimum Distributions (RMD) Starting at Age 70.5, for Tax Deferred Retirement Plans
- IRS Required Minimum Distributions (RMD)- Table III (Uniform Lifetime)- Spreadsheet

Unemployment Benefits

- Why Unemployment Benefit Payments Are Taxable for Individual Income Tax
- 12 Good Causes for Leaving a Job and Receiving Virginia Unemployment
- Why Lack of Performance is not Misconduct for Unemployment Benefits

Thirty Tax Tools

Tips for the Overseas Traveler

INDIVIDUAL INCOME TAX

Pass It Along!

John B. Goldhamer, an Authored Tax Law Expert, reviews the Internal Revenue Service (IRS) Code, Rules, and Regulations providing Free explanations, suggestions, website links for cross reference, and Table of Contents for easy review.

2018 Individual Income Tax Workshop (PDF) or (PowerPoint)  
A Position Paper that reviews the Tax Cuts and Jobs Act (TCJA) including the 2018 U.S. Individual Income Tax Forms published by the Internal Revenue Service (IRS); providing definitions, procedures, suggestions, website links for cross reference, and a Table of Contents for easy review.

2017 Individual Income Tax Workshop (PDF) or (PowerPoint)  
A Position Paper that reviews the U.S. Individual Income Tax Forms published by the Internal Revenue Service (IRS); providing definitions, procedures, suggestions, website links for cross reference, and a Table of Contents for easy review.

2016 Individual Income Tax Workshop (PDF) or (PowerPoint)  
A Position Paper that reviews the U.S. Individual Income Tax Forms published by the Internal Revenue Service (IRS); providing definitions, procedures, suggestions, website links for cross reference, and a Table of Contents for easy review.

POSITON PAPERS

Pass It Along!

John B. Goldhamer's Free Position Papers or White Papers detail *policies, perceptions, and perspectives* on various topics using current laws that inform readers about complex issues to help them understand the subjects, as well as providing definitions, procedures, website links for cross reference, and Table of Contents for easy review. His Position Papers are *Educational, Entertaining, and Empowering*.

The 1099 Independent Contractor Requirements  
A Position Paper that explains what to do as a 1099 Independent Contractor or Jobber; providing definitions, procedures, website links for cross reference, and a Table of Contents for easy review.

Starting a Business Requirements  
A Position Paper that explains in detail the requirements for starting a business; providing definitions, procedures, website links for cross reference, and a Table of Contents for easy review. It now has information on the Tax Cuts and Jobs Act of 2017- Pass-through Entities 20% Deduction of Business Income.

Health Savings Accounts (HSA) Requirements and Benefits  
A Position Paper that explains in detail the IRS program designed to give individuals tax advantages to offset health care costs; providing definitions, procedures, website links for cross reference, additional questions, and a Table of Contents for easy review.

Selling a Home Requirements, Exemptions, and Tax  
A Position Paper that examines, formats, and organizes the 22-page IRS Publication 523, entitled, "Selling Your Home," into a coherent, comprehensible, configuration; providing definitions, procedures, website links for cross reference, and a Table of Contents for easy review.

The Real Estate Marketplace Glossary- How to Talk the Talk- 268 Definitions- FTC  
The Federal Trade Commission, the agency that promotes competition and protects consumers, prepared this 268-word glossary to help better understand the terms commonly used in the real estate and mortgage marketplace. It is formatted with a separate line for each definition, for a smoother analysis and review.

Validating, Verifying, and Disputing IRS Form 1099 Income  
A Position Paper that offers suggestions and methods for validating, verifying, and disputing an IRS Form 1099 Income with the IRS and state consumer protection agencies; providing definitions, procedures, website links for cross reference, and a Table of Contents for easy review.

Individual Income Withholding Tax Requirements for Business Travelers Between States  
A Position Paper that explains state withholding tax requirements for business travelers between states detailing the issue, state tax laws, reciprocity agreements, tax credits, and recommends a five step procedure for apportionment of wages. It also provides definitions, procedures, website links for cross reference, and a Table of Contents for easy review.

IRS Required Minimum Distributions (RMD) Starting at Age 70.5, for Tax Deferred Retirement Plans  
A Position Paper that includes definitions, descriptions, history, deadlines, explains the difference between an IRA and a 401(k), types of retirement plans that impose a Required Minimum Distribution (RMD), and provides website links for cross reference and a Table of Contents for easy review.

IRS Required Minimum Distributions (RMD)- Table III (Uniform Lifetime)- Spreadsheet  
An interactive spreadsheet where the owner of a retirement plan can input their age and account balance to Estimate their Required Minimum Distribution (RMD) from age 70.5 to age 117.

UNEMPLOYMENT BENEFITS

Pass It Along!

John B. Goldhamer's Free Position Papers on Unemployment Benefits relate to the Virginia Employment Commission (VEC) Rules, Regulations, and Case Law; however the concepts might be applied to other states.

Why Unemployment Benefit Payments Are Taxable for Individual Income Tax  
A Position Paper that reviews the IRS Individual Income Tax Rules and Regulations pertaining to Unemployment as well as the Virginia Tax Rules; providing definitions, procedures, website links for cross reference and a Table of Contents for easy review.

12 Good Causes for Leaving a Job and Receiving Virginia Unemployment  
A Position Paper that reviews the Virginia Employment Rules, Regulations, and Case Law; detailing good causes for leaving a job and receiving Virginia unemployment; providing definitions, procedures, website links for cross reference, and a Table of Contents for easy review.

Why Lack of Performance is not Misconduct for Unemployment Benefits  
A Position Paper that reviews the Virginia Employment Rules, Regulations, and Case Law detailing the difference between lack of performance and misconduct for unemployment benefits purposes; providing definitions, procedures, website links for cross reference, and a Table of Contents for easy review.

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# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## TAX ENVELOPE TO KEEP TAX INFORMATION Large Open-End Kraft (Brown) 9" x 12" Envelope



### Suggestions:

- In the beginning of each year get a Large Open-End Kraft (Brown) 9" x 12" Envelope.
- Mark it in large letters the Tax Year, such as 2018.
- During the year, as you receive Deductible Expenses like Donations, Summary of Medical Expenses, Real Estate Taxes, Personal Property Tax, and Income Information; W-2, 1099, Bank Statements, place all of these Important Tax information in the Envelope.
- Keep the Envelope some place where you can always find it.
- When W-2's, 1099's, and other important Tax Documents come in the mail around the end of January, put those items in the Envelope too.

*Then everything is in one place ready for you to file your Tax Returns.*

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## TAX SOFTWARE

Personally, I always recommend using Turbo Tax or another Tax Software for complicated returns, which *will stay up to date* and know more specific rules than a Tax Attorney or CPA, who also use Tax Softwares to file their client's returns.

*For 2018, since Most Taxpayers will be Filing a Standard Deduction and Not Itemizing, many might not need to purchase Tax Software or pay for a Tax Service.*

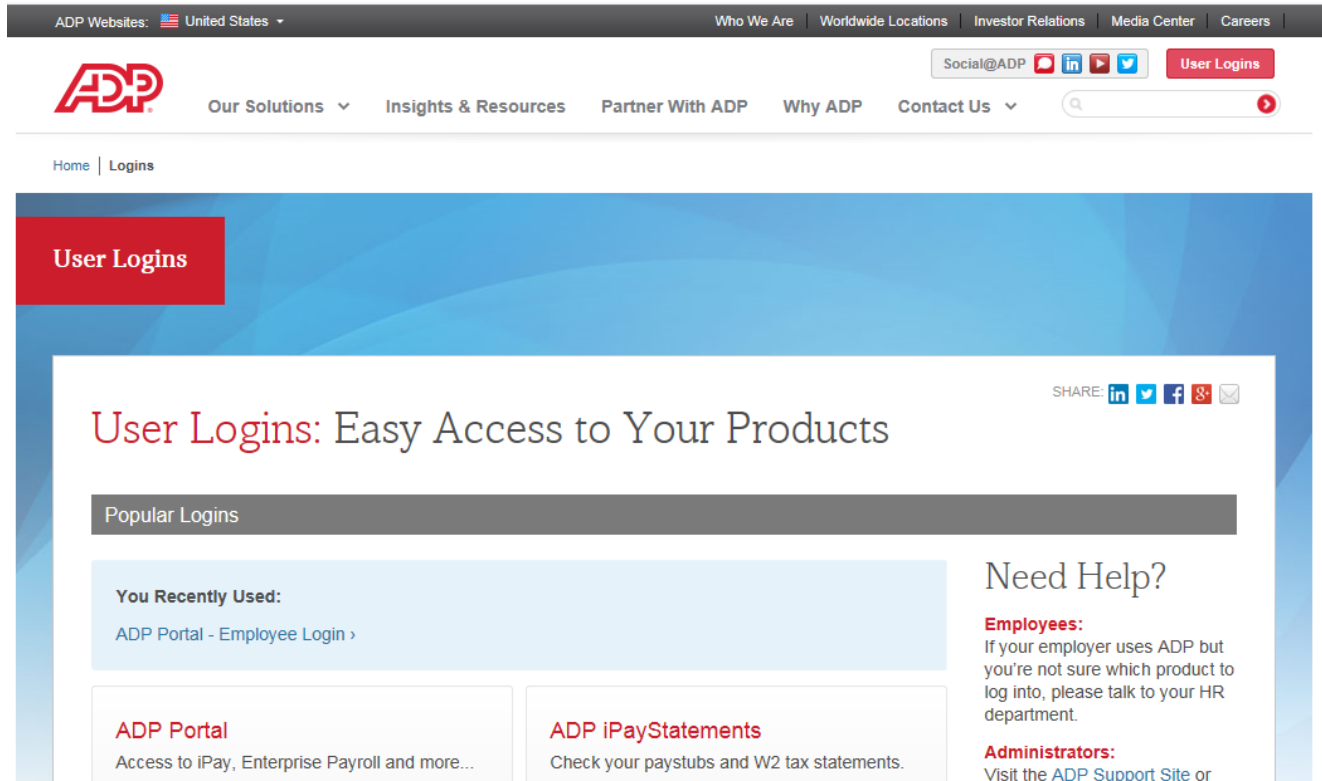
The IRS has Free File Fillable Forms for filing 2018 Individual Income Tax Returns.

<https://www.irs.gov/filing/free-file-do-your-federal-taxes-for-free>

*Some State Individual Income Tax Returns are also free to file when completed online using the state's website.*

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## PAYCHECK STUB MATCHED WITH W-2

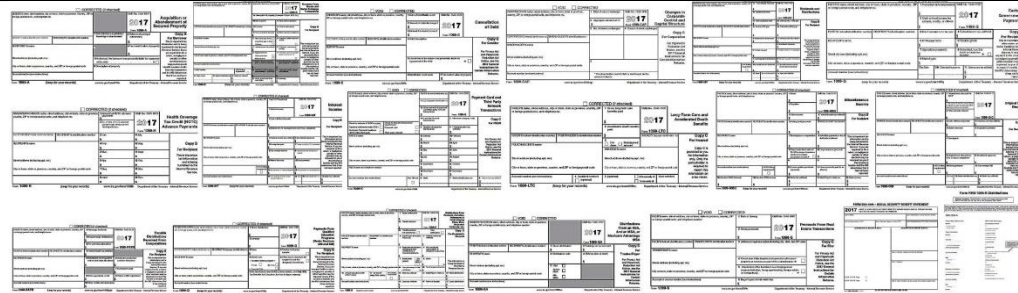
A screenshot of the ADP website's 'User Logins' page. The page has a blue header with the ADP logo and navigation links like 'Our Solutions', 'Insights & Resources', 'Partner With ADP', 'Why ADP', and 'Contact Us'. Below the header, there's a red 'User Logins' button. The main content area has a blue background with a white box containing the title 'User Logins: Easy Access to Your Products'. Below this, there's a 'Popular Logins' section with a 'You Recently Used' list showing 'ADP Portal - Employee Login'. There are also two boxes for 'ADP Portal' and 'ADP iPayStatements'. On the right, there's a 'Need Help?' section with instructions for employees and administrators. The page also includes social media links and a search bar.

### Suggestion:

At the end of the year, printout and save your last Paycheck Stub listing your entire year's Income, Deductions and Taxes. When you receive your W-2 around the end of January, make sure the numbers match.

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## THERE ARE 19 DIFFERENT TYPES OF IRS FORM 1099



Form 1099 is one of several IRS tax forms used in the U.S. to prepare and file an information return to *report various types of income* other than wages, salaries, and tips. The form is used to *report to the IRS* payments to independent contractors, rental property income, interest and dividend income, sales proceeds and miscellaneous income. [Wikipedia](https://www.irs.gov/individuals/forms/1099)

Form	Description
1099-A	Acquisition or Abandonment of Secured Property
1099-B	Proceeds From Broker and Barter Exchange Transactions
1099-C	Cancellation of Debt
1099-CAP	Changes in Corporate Control and Capital Structure
1099-DIV	Dividends and Distributions
1099-G	Certain Government Payments
1099-H	Health Coverage Tax Credit (HCTC) Advance Payments
1099-INT	Interest Income
1099-K	Merchant Card & Third Party Network Payments (PayPal) IRS threshold to issue- sales over \$20,000/year
1099-LTC	Long-Term Care and Accelerated Death Benefits
1099-MISC	Miscellaneous Income
1099-OID	Original Issue Discount
1099-PATR	Taxable Distributions Received From Cooperatives
1099-Q	Payments From Qualified Education Programs (Under Sections 529 and 530)
1099-R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts
1099-S	Proceeds From Real Estate Transactions
1099-SA	Distributions From an HSA, Archer MSA, or Medicare Advantage MSA
RRB-1099	Railroad Retirement Board Statement
SSA- 1099	Social Security Benefit Statement

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## CAVEAT: DRAFT – NOT FOR FILING

Generally, the 115<sup>th</sup> Congress has until December 15, 2018 to pass changes.

The IRS released Draft copies of the 2018 Tax Forms in June 2018.

The IRS accepts electronic and paper tax returns starting January 29, 2019.



### **Caution: *DRAFT—NOT FOR FILING***

This is an early release draft of an IRS tax form, instructions, or publication, which the IRS is providing for your information as a courtesy. Do not file draft forms. Also, do not rely on draft forms, instructions, and publications for filing. We generally do not release drafts of forms until we believe we have incorporated all changes. However, unexpected issues sometimes arise, or legislation is passed, necessitating a change to a draft form. In addition, forms generally are subject to OMB approval before they can be officially released. Drafts of instructions and publications usually have at least some changes before being officially released.

Early release drafts are at [IRS.gov/DraftForms](https://www.irs.gov/DraftForms), and may remain there even after the final release is posted at [IRS.gov/DownloadForms](https://www.irs.gov/DownloadForms). All information about all forms, instructions, and pubs is at [IRS.gov/Forms](https://www.irs.gov/Forms).

Almost every form and publication also has its own page on IRS.gov. For example, the Form 1040 page is at [IRS.gov/Form1040](https://www.irs.gov/Form1040); the Publication 17 page is at [IRS.gov/Pub17](https://www.irs.gov/Pub17); the Form W-4 page is at [IRS.gov/W4](https://www.irs.gov/W4); and the Schedule A (Form 1040) page is at [IRS.gov/ScheduleA](https://www.irs.gov/ScheduleA). If typing in a link above instead of clicking on it, be sure to type the link into the address bar of your browser, not in a Search box. Note that these are friendly shortcut links that will automatically go to the actual link for the page.

If you wish, you can submit comments about draft or final forms, instructions, or publications at [IRS.gov/FormsComments](https://www.irs.gov/FormsComments). We cannot respond to all comments due to the high volume we receive. Please note that we may not be able to consider many suggestions until the subsequent revision of the product.



# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## SIMPLIFIED FORM 1040, ONLY ONE 1040 - FRONT PAGE

For 2018, the Tax Cuts and Jobs Act (TCJA) created only one Federal Form 1040, referred to as the *Simplified Form 1040*, which was *renumbered and* replaces:

*1040EZ (Easy), 1040 A (Short Form) and 1040 (Long Form)*

[https://www.irs.gov/pub/irs-utl/tax\\_forms\\_and\\_publications\\_imf\\_bmf.pdf](https://www.irs.gov/pub/irs-utl/tax_forms_and_publications_imf_bmf.pdf)

Form <b>1040</b> Simplified	Department of the Treasury—Internal Revenue Service		<b>U.S. Individual Income Tax Return</b> <b>2018</b>		OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.	
			<input type="checkbox"/> Married filing separate return		<input type="checkbox"/> Qualifying widow(er)		<input type="checkbox"/> Head of household
Your first name and initial			Last name		Your social security number		
Standard deduction: <input type="checkbox"/> Someone can claim you as a dependent <input type="checkbox"/> You were born before January 2, 1954 <input type="checkbox"/> You are blind							
Spouse or qualifying person's first name and initial (see inst.)			Last name		Spouse's social security number		
Standard deduction: <input type="checkbox"/> Someone can claim your spouse as a dependent <input type="checkbox"/> Your spouse was born before January 2, 1954 <input type="checkbox"/> Your spouse is blind <input type="checkbox"/> Your spouse itemizes on a separate return or you were dual-status alien							
Home address (number and street). If you have a P.O. box, see instructions.					Apt. no.	Presidential Election Campaign. ✓ if you want \$3 to go to this fund (see inst.) <input type="checkbox"/> You <input type="checkbox"/> Spouse	
City, town or post office, state, and ZIP code. If you have a foreign address, attach Schedule 6.					<input type="checkbox"/> Full-year health care coverage (see instructions)		
<b>Dependents</b> (see instructions):			(2) Social security number	(3) Relationship to you	(4) ✓ if qualifies for (see inst.):		
(1) First name	Last name				Child tax credit	Credit for other dependents	
					<input type="checkbox"/>	<input type="checkbox"/>	
					<input type="checkbox"/>	<input type="checkbox"/>	
<b>Sign Here</b>		Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and accurately reflect all amounts and sources of income I received during the tax year. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.					
Joint return? See instructions. Keep a copy for your records.	Your signature		Date	Your occupation		If the IRS sent you an Identity Protection PIN, enter it here (see inst.)	
	Spouse's signature. If a joint return, <b>both</b> must sign.		Date	Spouse's occupation		If the IRS sent you an Identity Protection PIN, enter it here (see inst.)	
<b>Paid Preparer's</b>	Print/Type preparer's name	Preparer's signature		PTIN		Check it: <input type="checkbox"/> 3rd Party Designee <input type="checkbox"/> Self-employed	
	Firm's name	Firm's EIN					

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 113208

Form **1040** (2018)

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## SIMPLIFIED FORM 1040, ONLY ONE 1040 - BACK PAGE

For 2018, the Tax Cuts and Jobs Act (TCJA) created only one Federal Form

Form 1040 (2018)

Page **2**

<b>1</b> Wages, salaries, tips, etc. Attach Form W-2		<b>1</b>	
<b>2a</b> Tax-exempt interest	<b>2a</b>	<b>b</b> Taxable interest	<b>2b</b>
<b>3a</b> Qualified dividends	<b>3a</b>	<b>b</b> Ordinary dividends	<b>3b</b>
<b>4a</b> IRAs, pensions, and annuities	<b>4a</b>	<b>b</b> Taxable amount	<b>4b</b>
<b>5a</b> Social security benefits	<b>5a</b>	<b>b</b> Taxable amount	<b>5b</b>
<b>6</b> Additional income and adjustments to income. Attach Schedule 1		<b>6</b>	
<b>7</b> Adjusted gross income. Combine lines 1 through 6		<b>7</b>	
<b>8</b> Enter the standard deduction; otherwise, attach Schedule A		<b>8</b>	
<b>9</b> Qualified business income deduction (see instructions)		<b>9</b>	
<b>10</b> Taxable income. Subtract lines 8 and 9 from line 7. If zero or less, enter -0-		<b>10</b>	
<b>11</b> Tax (see instructions). Attach Schedule 2 if required		<b>11</b>	
<b>12</b> If your only nonrefundable credit is the child tax credit and/or credit for other dependents, enter the total here; otherwise, attach Schedule 3		<b>12</b>	
<b>13</b> Subtract line 12 from line 11		<b>13</b>	
<b>14</b> Other taxes. Attach Schedule 4		<b>14</b>	
<b>15</b> Total tax. Add lines 13 and 14		<b>15</b>	
<b>16</b> Federal income tax withheld from Forms W-2 and 1099		<b>16</b>	
<b>17</b> Refundable credits: <b>a</b> EIC (see inst.) <b>b</b> Sch 8812 <b>c</b> Form 8863 <b>d</b> Other payments or refundable credits from Schedule 5			
<b>18</b> Add lines 16 and 17 a through d. These are your total payments		<b>18</b>	
<b>19</b> If line 18 is more than line 15, subtract line 15 from line 18. This is the amount you <b>overpaid</b>		<b>19</b>	
<b>20a</b> Amount of line 19 you want <b>refunded to you</b> . If Form 8888 is attached, check here <input type="checkbox"/>		<b>20a</b>	
<b>b</b> Routing number <b>c</b> Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings			
<b>d</b> Account number			
<b>21</b> Amount of line 19 you want <b>applied to your 2019 estimated tax</b>		<b>21</b>	
<b>22</b> <b>Amount you owe.</b> Subtract line 18 from line 15. For details on how to pay, see instructions		<b>22</b>	
<b>23</b> Estimated tax penalty (see instructions)		<b>23</b>	

**Standard Deduction for—**

- Single or married filing separately, \$12,000
- Married filing jointly or Qualifying widow(er), \$24,000
- Head of household, \$18,000
- If you checked any box under Standard deduction, see instructions.

**Refund**

Direct deposit? See instructions.

**Amount You Owe**

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## SCHEDULE B, INTEREST AND ORDINARY DIVIDENDS

<b>SCHEDULE B</b> (Form 1040)		<b>Interest and Ordinary Dividends</b>		OMB No. 1545-0074 <b>2018</b> Attachment Sequence No. <b>08</b>	
Department of the Treasury Internal Revenue Service (IRS)		▶ Go to <a href="http://www.irs.gov/ScheduleB">www.irs.gov/ScheduleB</a> for instructions and the latest information. ▶ Attach to Form 1040.		Your social security number	
Name(s) shown on return					
<b>Part I</b> <b>Interest</b>  (See instructions and the instructions for Form 1040, line 2b.)  <b>Note:</b> If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.		<b>1</b> List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see the instructions and list this interest first. Also, show that buyer's social security number and address ▶	<b>Amount</b>		
			1		
			2		
			3		
			4		
<b>2</b> Add the amounts on line 1 . . . . .			2		
<b>3</b> Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815 . . . . .			3		
<b>4</b> Subtract line 3 from line 2. Enter the result here and on Form 1040, line 2b . . ▶			4		
<b>Note:</b> If line 4 is over \$1,500, you must complete Part III.					
<b>Part II</b> <b>Ordinary Dividends</b>  (See instructions and the instructions for Form 1040, line 3b.)  <b>Note:</b> If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.		<b>5</b> List name of payer ▶	<b>Amount</b>		
			5		
			6		
<b>6</b> Add the amounts on line 5. Enter the total here and on Form 1040, line 3b . . ▶			6		
<b>Note:</b> If line 6 is over \$1,500, you must complete Part III.					
<b>Part III</b> <b>Foreign Accounts and Trusts</b>  (See instructions.)		You must complete this part if you (a) had over \$1,500 of taxable interest or ordinary dividends; (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.		<b>Yes</b>	<b>No</b>
<b>7a</b> At any time during 2018, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country? See instructions . . . . .				<input type="checkbox"/>	<input type="checkbox"/>
If "Yes," are you required to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR), to report that financial interest or signature authority? See FinCEN Form 114 and its instructions for filing requirements and exceptions to those requirements . . . . .				<input type="checkbox"/>	<input type="checkbox"/>
<b>b</b> If you are required to file FinCEN Form 114, enter the name of the foreign country where the financial account is located ▶				<input type="checkbox"/>	<input type="checkbox"/>
<b>8</b> During 2018, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See instructions . . . . .				<input type="checkbox"/>	<input type="checkbox"/>



# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## SCHEDULE D, CAPITAL GAINS AND LOSSES

### SCHEDULE D (Form 1040)

Department of the Treasury  
Internal Revenue Service (99)

Name(s) shown on return

### Capital Gains and Losses

- ▶ Attach to Form 1040 or Form 1040NR.  
▶ Go to [www.irs.gov/ScheduleD](http://www.irs.gov/ScheduleD) for instructions and the latest information.  
▶ Use Form 8949 to list your transactions for lines 1b, 2, 3, 8b, 9, and 10.

OMB No. 1545-0074

2018

Attachment  
Sequence No. 12

Schedule D (Form 1040) 2018

Page **2**

### Part III Summary

#### Part I Short-Term Capital Gains and Losses—Generally Assets Held One Year or Less (see instructions)

See instructions for how to figure the amounts to enter on the lines below.

This form may be easier to complete if you round off cents to whole dollars.

	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
<b>1a</b> Totals for all short-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 1b . . . . .				
<b>1b</b> Totals for all transactions reported on Form(s) 8949 with <b>Box A</b> checked . . . . .				
<b>2</b> Totals for all transactions reported on Form(s) 8949 with <b>Box B</b> checked . . . . .				
<b>3</b> Totals for all transactions reported on Form(s) 8949 with <b>Box C</b> checked . . . . .				
<b>4</b> Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824 . . . . .				<b>4</b>
<b>5</b> Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1 . . . . .				<b>5</b>
<b>6</b> Short-term capital loss carryover. Enter the amount, if any, from line 8 of your <b>Capital Loss Carryover Worksheet</b> in the instructions . . . . .				<b>6</b> ( )
<b>7</b> <b>Net short-term capital gain or (loss).</b> Combine lines 1a through 6 in column (h). If you have any long-term capital gains or losses, go to Part II below. Otherwise, go to Part III on the back . . . . .				<b>7</b>

#### Part II Long-Term Capital Gains and Losses—Generally Assets Held More Than One Year (see instructions)

See instructions for how to figure the amounts to enter on the lines below.

This form may be easier to complete if you round off cents to whole dollars.

	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
<b>8a</b> Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b . . . . .				
<b>8b</b> Totals for all transactions reported on Form(s) 8949 with <b>Box D</b> checked . . . . .				
<b>9</b> Totals for all transactions reported on Form(s) 8949 with <b>Box E</b> checked . . . . .				
<b>10</b> Totals for all transactions reported on Form(s) 8949 with <b>Box F</b> checked . . . . .				
<b>11</b> Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824 . . . . .				<b>11</b>
<b>12</b> Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1 . . . . .				<b>12</b>
<b>13</b> Capital gain distributions. See the instructions . . . . .				<b>13</b>
<b>14</b> Long-term capital loss carryover. Enter the amount, if any, from line 13 of your <b>Capital Loss Carryover Worksheet</b> in the instructions . . . . .				<b>14</b> ( )
<b>15</b> <b>Net long-term capital gain or (loss).</b> Combine lines 8a through 14 in column (h). Then go to Part III on the back . . . . .				<b>15</b>

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Cat. No. 11338H

Schedule D (Form 1040) 2018

<b>16</b> Combine lines 7 and 15 and enter the result . . . . .	<b>16</b>
<ul style="list-style-type: none"><li>• If line 16 is a <b>gain</b>, enter the amount from line 16 on Schedule 1 (Form 1040), line 13, or Form 1040NR, line 14. Then go to line 17 below.</li><li>• If line 16 is a <b>loss</b>, skip lines 17 through 20 below. Then go to line 21. Also be sure to complete line 22.</li><li>• If line 16 is <b>zero</b>, skip lines 17 through 21 below and enter -0- on Schedule 1 (Form 1040), line 13, or Form 1040NR, line 14. Then go to line 22.</li></ul>	
<b>17</b> Are lines 15 and 16 <b>both</b> gains? <input type="checkbox"/> <b>Yes.</b> Go to line 18. <input type="checkbox"/> <b>No.</b> Skip lines 18 through 21, and go to line 22.	
<b>18</b> If you are required to complete the <b>28% Rate Gain Worksheet</b> (see instructions), enter the amount, if any, from line 7 of that worksheet . . . . .	<b>18</b>
<b>19</b> If you are required to complete the <b>Unrecaptured Section 1250 Gain Worksheet</b> (see instructions), enter the amount, if any, from line 18 of that worksheet . . . . .	<b>19</b>
<b>20</b> Are lines 18 and 19 <b>both</b> zero or blank? <input type="checkbox"/> <b>Yes.</b> Complete the <b>Qualified Dividends and Capital Gain Tax Worksheet</b> in the instructions for Form 1040, line 11a (or in the instructions for Form 1040NR, line 42). <b>Don't</b> complete lines 21 and 22 below. <input type="checkbox"/> <b>No.</b> Complete the <b>Schedule D Tax Worksheet</b> in the instructions. <b>Don't</b> complete lines 21 and 22 below.	
<b>21</b> If line 16 is a loss, enter here and on Schedule 1 (Form 1040), line 13, or Form 1040NR, line 14, the <b>smaller</b> of: <ul style="list-style-type: none"><li>• The loss on line 16; or</li><li>• (\$3,000), or if married filing separately, (\$1,500)</li></ul> <b>Note:</b> When figuring which amount is smaller, treat both amounts as positive numbers.	<b>21</b> ( )
<b>22</b> Do you have qualified dividends on Form 1040, line 3a, or Form 1040NR, line 10b? <input type="checkbox"/> <b>Yes.</b> Complete the <b>Qualified Dividends and Capital Gain Tax Worksheet</b> in the instructions for Form 1040, line 11a (or in the instructions for Form 1040NR, line 42). <input type="checkbox"/> <b>No.</b> Complete the rest of Form 1040 or Form 1040NR.	

Schedule D (Form 1040) 2018

# **2018 INDIVIDUAL INCOME TAX WORKSHOP**

## **SCHEDULE D, CAPITAL GAINS AND LOSSES**

*Originally*, the Tax Cuts and Jobs Act (TCJA) required taxpayers to determine the cost basis of any security sold on a First-in, First-out basis, also known as the FIFO rule, *but it was removed* so that Investors can now determine which investments to sell.

Taxpayers can deduct up to \$3,000 in “Capital Losses each year,” but if there are more losses, they can be carried forward” to the next year.

### **Suggestions:**

- If you already have *“Taxable Capital Gains”* from selling stock or investment real estate, see if you have some unrealized *“Capital losses”* in other assets that you can sell before year-end to offset those gains and reduce your tax liability.
- If you’re thinking of selling stock, consider postponing the gain until after January to avoid the tax in the current year.



# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## SCHEDULE D, CAPITAL GAINS AND LOSSES

### SELLING YOUR HOME AT A GAIN (PROFIT)

$$\text{Proceeds (Sale) less Basis (Costs) = Gain (Profit)}$$

For 2018, and few previous years, generally, if you sell your home at a gain (profit), some of the gain could be taxable, but in most cases, if the home you sold counts as your main home, there are exemptions:

#### Exemptions

Single – The first \$250,000 of Gain is Exempt

Married and Filing Jointly – The first \$500,000 of Gain is Exempt

*The former rule for reinvesting in another home has been removed.*

You should receive Federal Form 1099-S, titled, Proceeds From Real Estate Transactions, which is issued by the person responsible for closing the real estate transaction.

#### Basis Adjustments - Details and Exceptions

Basis are the costs associated with *Purchasing and making Improvements to the property*. Costs for repairs or maintenance that are necessary to keeping the home in good condition, but do not add to its value or prolong its life are not included. For more information on basis, see Pub. 551, Basis of Assets.

IRS Publication 523, "Selling Your Home"

<https://www.irs.gov/pub/irs-pdf/p523.pdf>

IRS Publication 523, titled "Selling Your Home" is a 22 page document filled with answers that explains the tax rules that apply when you sell (or otherwise give up ownership of) a home. It also shows you how to do the calculations you'll need to do.

[JohnGoldhamer.com](http://JohnGoldhamer.com), Individual Income Tax page has a position paper,:

*Selling a Home Requirements, Exemptions, and Tax*

[JohnGoldhamer.com](http://JohnGoldhamer.com)

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## STANDARD DEDUCTION AMOUNTS

For 2018, the Standard Deduction *doubled* as follows:

<u>Filing Status</u>	<u>Standard</u>	<u>Over 65 / Blind</u>
• Single	\$12,000	\$13,300
• Married Filing Separately	\$12,000	\$13,300
• Head of Household	\$18,000	\$19,300
• Married Filing Jointly or Surviving Spouse	\$24,000	\$25,300

*For 2018, Most Taxpayers will be Filing a Standard Deduction and Not Itemizing*

*When the Standard Deduction is used,  
there are not any additional Deductions such as Charities.*

*From 1982 to 1986, Form 1040 provided a  
Non-itemizer Line Item Charitable Contribution Deduction.  
Perhaps a future Congress will pass similar legislation.*

### Many Taxpayers May Owe More State Tax Than Previous Years

*Most states are Conformity States, which means they follow the IRS return as their starting point for their tax returns. When a Standard Deduction is filed with the IRS the State Individual Income Tax Return must conform with the IRS and only the Standard Deduction is allowed on the State Tax Return.*

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## PERSONAL EXEMPTIONS

For 2018, the Tax Cuts and Jobs Act (TCJA) *suspended the* Personal Exemption for yourself, your spouse, and all of your dependents.

*For the previous year, the* Personal Exemption *was \$4,050 per dependent, if adjusted gross income was \$156,900 or less.*

# **2018 INDIVIDUAL INCOME TAX WORKSHOP**

## **THE NEW SIX SCHEDULES**

Starting 2018, The Tax Cuts and Jobs Act (TCJA) created the New Federal Simplified Form 1040, which is two half-pages in length, *replaces three different 1040's, eliminates more than 50 lines*, and moves many items from the face of the 1040 to various new schedules. The New Six Schedules that may be attached to the New Federal Simplified Form 1040 are as follows:

Schedule 1 – Additional Income and Adjustments to Income

Schedule 2 – Tax

Schedule 3 – Nonrefundable Credits

Schedule 4 – Other Taxes

Schedule 5 – Other Payments and Refundable Credits

Schedule 6 – Foreign Address and Third Party Designee

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## THE NEW SIX SCHEDULES

### Schedule 1 – Additional Income and Adjustments to Income

**Additional Income** - Taxable Refunds, Credits, or Offsets of State and Local Income Taxes, Alimony Received, Business Income or (Loss), Capital Gain or (Loss), Other Gains or (Losses), Rental Real Estate, Royalties, Partnerships, S Corporations, Trusts, Etc., Farm Income or (Loss), Unemployment Compensation.

<b>SCHEDULE 1</b> (Form 1040)		<b>Additional Income and Adjustments to Income</b>		OMB No. 1545-0074 <span style="font-size: 1.5em; font-weight: bold;">2018</span> Attachment Sequence No. <b>01</b>
Department of the Treasury Internal Revenue Service		▶ Attach to Form 1040. ▶ Go to <a href="http://www.irs.gov/Form1040">www.irs.gov/Form1040</a> for instructions and the latest information.		Your social security number
Name(s) shown on Form 1040				
<b>Additional Income</b>	<b>1-9b</b> Reserved <b>10</b> Taxable refunds, credits, or offsets of state and local income taxes <b>11</b> Alimony received <b>12</b> Business income or (loss). Attach Schedule C or C-EZ <b>13</b> Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/> <b>14</b> Other gains or (losses). Attach Form 4797 <b>15a</b> Reserved <b>16a</b> Reserved <b>17</b> Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E <b>18</b> Farm income or (loss). Attach Schedule F <b>19</b> Unemployment compensation <b>20a</b> Reserved <b>21</b> Other income. List type and amount ▶ <b>22</b> Combine the amounts in the far right column. If you don't have any adjustments to income, enter here and include on Form 1040, line 6. Otherwise, go to line 23	<b>1-9b</b> <b>10</b> <b>11</b> <b>12</b> <b>13</b> <b>14</b> <b>15b</b> <b>16b</b> <b>17</b> <b>18</b> <b>19</b> <b>20b</b> <b>21</b> <b>22</b>		
<b>Adjustments to Income</b>	<b>23</b> Educator expenses <b>24</b> Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 <b>25</b> Health savings account deduction. Attach Form 8889 <b>26</b> Moving expenses for members of the Armed Forces. Attach Form 3903 <b>27</b> Deductible part of self-employment tax. Attach Schedule SE <b>28</b> Self-employed SEP, SIMPLE, and qualified plans <b>29</b> Self-employed health insurance deduction <b>30</b> Penalty on early withdrawal of savings <b>31a</b> Alimony paid <b>b</b> Recipient's SSN ▶ <b>32</b> IRA deduction <b>33</b> Student loan interest deduction <b>34</b> Reserved <b>35</b> Reserved <b>36</b> Add lines 23 through 35	<b>23</b> <b>24</b> <b>25</b> <b>26</b> <b>27</b> <b>28</b> <b>29</b> <b>30</b> <b>31a</b> <b>32</b> <b>33</b> <b>34</b> <b>35</b> <b>36</b>		



# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## THE NEW SIX SCHEDULES

### Schedule 1 – Additional Income and Adjustments to Income

**Adjustments to Income** - Educator Expenses, Certain Business Expenses, Health Savings Account Deduction, Moving Expenses (Only Armed Forces Members), Deductible Part of Self-Employment Tax, Self-Employed SEP, SIMPLE, and Qualified Plans, Self-Employed Health Insurance Deduction, Penalty on Early Withdrawal of Savings, Alimony Paid, IRA Deduction, Student Loan Interest Deduction.

SCHEDULE 1 (Form 1040)		Additional Income and Adjustments to Income		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service		▶ Attach to Form 1040. ▶ Go to <a href="http://www.irs.gov/Form1040">www.irs.gov/Form1040</a> for instructions and the latest information.		2018 Attachment Sequence No. 01	
Name(s) shown on Form 1040		Your social security number			
<b>Additional Income</b>	<b>1-9b</b>	Reserved		<b>1-9b</b>	
	<b>10</b>	Taxable refunds, credits, or offsets of state and local income taxes		<b>10</b>	
	<b>11</b>	Alimony received		<b>11</b>	
	<b>12</b>	Business income or (loss). Attach Schedule C or C-EZ		<b>12</b>	
	<b>13</b>	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>		<b>13</b>	
	<b>14</b>	Other gains or (losses). Attach Form 4797		<b>14</b>	
	<b>15a</b>	Reserved		<b>15b</b>	
	<b>16a</b>	Reserved		<b>16b</b>	
	<b>17</b>	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E		<b>17</b>	
	<b>18</b>	Farm income or (loss). Attach Schedule F		<b>18</b>	
	<b>19</b>	Unemployment compensation		<b>19</b>	
	<b>20a</b>	Reserved		<b>20b</b>	
	<b>21</b>	Other income. List type and amount ▶		<b>21</b>	
	<b>22</b>	Combine the amounts in the far right column. If you don't have any adjustments to income, enter here and include on Form 1040, line 6. Otherwise, go to line 23		<b>22</b>	
<b>Adjustments to Income</b>	<b>23</b>	Educator expenses	<b>23</b>		
	<b>24</b>	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	<b>24</b>		
	<b>25</b>	Health savings account deduction. Attach Form 8889	<b>25</b>		
	<b>26</b>	Moving expenses for members of the Armed Forces. Attach Form 3903	<b>26</b>		
	<b>27</b>	Deductible part of self-employment tax. Attach Schedule SE	<b>27</b>		
	<b>28</b>	Self-employed SEP, SIMPLE, and qualified plans	<b>28</b>		
	<b>29</b>	Self-employed health insurance deduction	<b>29</b>		
	<b>30</b>	Penalty on early withdrawal of savings	<b>30</b>		
	<b>31a</b>	Alimony paid	<b>31a</b>		
		b Recipient's SSN ▶			
	<b>32</b>	IRA deduction	<b>32</b>		
	<b>33</b>	Student loan interest deduction	<b>33</b>		
	<b>34</b>	Reserved	<b>34</b>		
	<b>35</b>	Reserved	<b>35</b>		
	<b>36</b>	Add lines 23 through 35		<b>36</b>	

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## THE NEW SIX SCHEDULES

### Schedule 2 – Tax

- Alternative Minimum Tax
- Excess Advance Premium Tax Credit Repayment

<b>SCHEDULE 2</b> (Form 1040)		<b>Tax</b>		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service		► Attach to Form 1040. ► Go to <a href="http://www.irs.gov/Form1040">www.irs.gov/Form1040</a> for instructions and the latest information.			
Name(s) shown on Form 1040				Your social security number	
<b>Tax</b>	<b>38-44</b>	Reserved . . . . .	<b>38-44</b>		
	<b>45</b>	Alternative minimum tax. Attach Form 6251 . . . . .	<b>45</b>		
	<b>46</b>	Excess advance premium tax credit repayment. Attach Form 8962 . . . . .	<b>46</b>		
	<b>47</b>	Add the amounts in the far right column. Enter here and include on Form 1040, line 11 . . . . .	<b>47</b>		

For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 71478U Schedule 2 (Form 1040) 2018

July 31, 2018  
DO NOT FILE

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## THE NEW SIX SCHEDULES

### Schedule 3 – Nonrefundable Credits

- Foreign Tax Credit
- Credit For Child and Dependent Care Expenses, attach Form 2441
- Education Credits
- Residential Energy Credit

<b>SCHEDULE 3</b> (Form 1040)  <small>Department of the Treasury Internal Revenue Service</small>	<b>Nonrefundable Credits</b>  ▶ Attach to Form 1040. ▶ Go to <a href="http://www.irs.gov/Form1040">www.irs.gov/Form1040</a> for instructions and the latest information.	<small>OMB No. 1545-0074</small>  <div style="font-size: 2em; font-weight: bold; text-align: center;">2018</div> <small>Attachment Sequence No. 03</small>																															
Name(s) shown on Form 1040		Your social security number																															
<b>Nonrefundable Credits</b>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%; text-align: right;"><b>48</b></td> <td style="width: 75%;">Foreign tax credit. Attach Form 1116 if required . . . . .</td> <td style="width: 10%; text-align: right;"><b>48</b></td> <td style="width: 10%;"></td> </tr> <tr> <td style="text-align: right;"><b>49</b></td> <td>Credit for child and dependent care expenses. Attach Form 2441 . . . . .</td> <td style="text-align: right;"><b>49</b></td> <td></td> </tr> <tr> <td style="text-align: right;"><b>50</b></td> <td>Education credits from Form 8863, line 19 . . . . .</td> <td style="text-align: right;"><b>50</b></td> <td></td> </tr> <tr> <td style="text-align: right;"><b>51</b></td> <td>Retirement savings contributions credit. Attach Form 8880 . . . . .</td> <td style="text-align: right;"><b>51</b></td> <td></td> </tr> <tr> <td style="text-align: right;"><b>52</b></td> <td>Reserved . . . . .</td> <td style="text-align: right;"><b>52</b></td> <td></td> </tr> <tr> <td style="text-align: right;"><b>53</b></td> <td>Residential energy credit. Attach Form 5695 . . . . .</td> <td style="text-align: right;"><b>53</b></td> <td></td> </tr> <tr> <td style="text-align: right;"><b>54</b></td> <td>Other credits from Form <b>a</b> <input type="checkbox"/> 3800 <b>b</b> <input type="checkbox"/> 8801 <b>c</b> <input type="checkbox"/> . . . . .</td> <td style="text-align: right;"><b>54</b></td> <td></td> </tr> <tr> <td style="text-align: right;"><b>55</b></td> <td>Add the amounts in the far right column. Enter here and include on Form 1040, line 12 . . . . .</td> <td style="text-align: right;"><b>55</b></td> <td></td> </tr> </table>	<b>48</b>	Foreign tax credit. Attach Form 1116 if required . . . . .	<b>48</b>		<b>49</b>	Credit for child and dependent care expenses. Attach Form 2441 . . . . .	<b>49</b>		<b>50</b>	Education credits from Form 8863, line 19 . . . . .	<b>50</b>		<b>51</b>	Retirement savings contributions credit. Attach Form 8880 . . . . .	<b>51</b>		<b>52</b>	Reserved . . . . .	<b>52</b>		<b>53</b>	Residential energy credit. Attach Form 5695 . . . . .	<b>53</b>		<b>54</b>	Other credits from Form <b>a</b> <input type="checkbox"/> 3800 <b>b</b> <input type="checkbox"/> 8801 <b>c</b> <input type="checkbox"/> . . . . .	<b>54</b>		<b>55</b>	Add the amounts in the far right column. Enter here and include on Form 1040, line 12 . . . . .	<b>55</b>	
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For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 71480G **Schedule 3 (Form 1040) 2018**

DRAFT AS OF  
July 31, 2018  
DO NOT FILE

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## THE NEW SIX SCHEDULES

### Schedule 4 – Other Taxes

- Self-Employment Tax
- Unreported Social Security and Medicare Tax From Form 4137 Or 8919
- Additional Tax On IRAS, Other Qualified Retirement Plans, Other Tax-Favored Accounts.
- Household Employment Taxes
- Repayment of First-Time Homebuyer Credit From Form 5405
- Health Care Individual Responsibility
- Taxes from Form 8959 or Form 8860
- Section 965 Net Tax Liability Installment from Form 965-A

<b>SCHEDULE 4</b> (Form 1040)		<b>Other Taxes</b>		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service		▶ Attach to Form 1040.		<b>2018</b> Attachment Sequence No. <b>04</b>	
Name(s) shown on Form 1040				Your social security number	
<b>Other Taxes</b>	<b>57</b>	Self-employment tax. Attach Schedule SE . . . . .	<b>57</b>		
	<b>58</b>	Unreported social security and Medicare tax from: Form <b>a</b> <input type="checkbox"/> 4137 <b>b</b> <input type="checkbox"/> 8919	<b>58</b>		
	<b>59</b>	Additional tax on IRAs, other qualified retirement plans, and other tax-favored accounts. Attach Form 5329 if required . . . . .	<b>59</b>		
	<b>60a</b>	Household employment taxes. Attach Schedule H . . . . .	<b>60a</b>		
	<b>b</b>	Repayment of first-time homebuyer credit from Form 5405. Attach Form 5405 if required . . . . .	<b>60b</b>		
	<b>61</b>	Health care: individual responsibility (see instructions) . . . . .	<b>61</b>		
	<b>62</b>	Taxes from: <b>a</b> <input type="checkbox"/> Form 8959 <b>b</b> <input type="checkbox"/> Form 8960 <b>c</b> <input type="checkbox"/> Instructions; enter code(s) . . . . .	<b>62</b>		
	<b>63</b>	Section 965 net tax liability installment from Form 965-A . . . . . <b>63</b>			
<b>64</b>	Add the amounts in the far right column. These are your <b>total other taxes</b> . Enter here and on Form 1040, line 14 . . . . . <b>64</b>				

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 71481R

Schedule 4 (Form 1040) 2018

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## THE NEW SIX SCHEDULES

### Schedule 5 – Other Payments and Refundable Credits

- 2018 Estimated Tax Payments and Amount Applied from 2017 Return
- Net Premium Tax Credit
- Amount Paid With Request for Extension to File
- Excess Social Security and Tier 1 TTYA Tax Withheld
- Credit for Federal Tax on Fuels
- Credits from Form 2439, or Form 8885

<b>SCHEDULE 5</b> (Form 1040)		<b>Other Payments and Refundable Credits</b>		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service		<p>► Attach to Form 1040.</p> <p>► Go to <a href="http://www.irs.gov/Form1040">www.irs.gov/Form1040</a> for instructions and the latest information.</p>		<p><b>2018</b></p> <p>Attachment Sequence No. <b>05</b></p>	
Name(s) shown on Form 1040				Your social security number	
<b>Other Payments and Refundable Credits</b>	<b>65</b>	Reserved		<b>65</b>	
	<b>66</b>	2018 estimated tax payments and amount applied from 2017 return		<b>66</b>	
	<b>67a</b>	Reserved		<b>67a</b>	
	<b>b</b>	Reserved		<b>67b</b>	
	<b>68-69</b>	Reserved		<b>68-69</b>	
	<b>70</b>	Net premium tax credit. Attach Form 8962		<b>70</b>	
	<b>71</b>	Amount paid with request for extension to file (see instructions)		<b>71</b>	
	<b>72</b>	Excess social security and tier 1 RRTA tax withheld		<b>72</b>	
	<b>73</b>	Credit for federal tax on fuels. Attach Form 4136		<b>73</b>	
	<b>74</b>	Credits from Form: <b>a</b> <input type="checkbox"/> 2439 <b>b</b> <input type="checkbox"/> Reserved <b>c</b> <input type="checkbox"/> 8885 <b>d</b> <input type="checkbox"/>		<b>74</b>	
<b>75</b>	Add the amounts in the far right column. These are your total <b>other payments and refundable credits</b> . Enter here and include on Form 1040, line 17.		<b>75</b>		

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 71482C

Schedule 5 (Form 1040) 2018



# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## THE NEW SIX SCHEDULES

### Schedule 6 – Foreign Address and Third Party Designee

- Foreign Address:  
Foreign Country Name, Foreign Province/County, Foreign Postal Code
- Third Party Designee  
Do You Want To Allow Another Person To Discuss This Return With The IRS?  
Name, Phone, Personal Identification Number


<b>SCHEDULE 6</b> (Form 1040)	<b>Foreign Address and Third Party Designee</b>			OMB No. 1545-0074					
Department of the Treasury Internal Revenue Service	▶ Attach to Form 1040. ▶ Go to <a href="http://www.irs.gov/Form1040">www.irs.gov/Form1040</a> for instructions and the latest information.			<b>2018</b> Attachment Sequence No. <b>05A</b>					
Name(s) shown on Form 1040				Your social security number					
<b>Foreign Address</b>	Foreign country name	Foreign province/county	Foreign postal code						
<b>Third Party Designee</b>	Do you want to allow another person to discuss this return with the IRS (see instructions)? <input type="checkbox"/> Yes. Complete below. <input type="checkbox"/> No								
	Designee's name ▶	Phone no. ▶	Personal identification number (PIN) ▶ <table border="1"><tr><td></td><td></td><td></td><td></td><td></td></tr></table>						
For Paperwork Reduction Act Notice, see your tax return instructions.		Cat. No. 71483N	Schedule 6 (Form 1040) 2018						

**August 13, 2018**  
**DO NOT FILE**

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## CHILD TAX CREDITS

Starting 2018, The Tax Cuts and Jobs Act (TCJA) *increased* the Child Tax Credit (CTC) for Form 2441 from \$1,000 to *up to \$2,000 per child under 17 at the end of the tax year* and the Additional Child Tax Credit (ACTC) for Schedule 8812 the *alternative refundable credit* is limited to \$1,400 per child.

**Form 2441** **Child and Dependent Care Expenses**  **2018** OMB No. 1545-0074  
Attachment Sequence No. 21

▶ Attach to Form 1040 or Form 1040NR.  
▶ Go to [www.irs.gov/Form2441](http://www.irs.gov/Form2441) for instructions and the latest information.

Department of the Treasury  
Internal Revenue Service (IRS)

Name(s) shown on return Your social security number

You cannot claim a credit for child and dependent care expenses if your filing status is married filing separately unless you meet the requirements listed in the instructions under "Married Persons Filing Separately." If you meet these requirements, check this box. ☐

**Part I** **Persons or Organizations Who Provided the Care**—You must complete this part.  
(If you have more than two care providers, see the instructions.)

1	(a) Care provider's name	(b) Address (number, street, apt. no., city, state, and ZIP code)	(c) Identifying number (SSN or EIN)	(d) Amount paid (see instructions)

Did you receive dependent care benefits? ☐ No ☐ Yes ☐ Complete only Part II below. ☐ Complete Part III on the back next.

**Caution:** If the care was provided in your home, you may owe employment taxes. For details, see the instructions for Schedule 4 (Form 1040), line 60a, or Form 1040NR, line 59a.

**Part II** **Credit for Child and Dependent Care Expenses**

2 Information about your **qualifying person(s)**. If you have more than two qualifying persons, see the instructions.

	(a) Qualifying person's name	(b) Qualifying person's social security number	(c) Qualified expenses you incurred and paid in 2018 for the person listed in column (a)
	First	Last	

3 Add the amounts in column (c) of line 2. **Don't** enter more than \$3,000 for one qualifying person or \$6,000 for two or more persons. If you completed Part III, enter the amount from line 31. **3**

4 Enter your **earned income**. See instructions. **4**

5 If married filing jointly, enter your spouse's earned income (if you or your spouse was a student or was disabled, see the instructions); **all others**, enter the amount from line 4. **5**

6 Enter the **smallest** of line 3, 4, or 5. **6**

7 Enter the amount from Form 1040, line 7; or Form 1040NR, line 36. **7**

8 Enter on line 8 the decimal amount shown below that applies to the amount on line 7


If line 7 is:		If line 7 is:	
Over	But not over	Over	But not over
\$0—15,000	.35	\$29,000—31,000	.27
15,000—17,000	.34	31,000—33,000	.26
17,000—19,000	.33	33,000—35,000	.25
19,000—21,000	.32	35,000—37,000	.24
21,000—23,000	.31	37,000—39,000	.23
23,000—25,000	.30	39,000—41,000	.22
25,000—27,000	.29	41,000—43,000	.21
27,000—29,000	.28	43,000—No limit	.20

9 Multiply line 6 by the decimal amount on line 8. If you paid 2017 expenses in 2018, see the instructions. **9**

10 Tax liability limit. Enter the amount from the Credit Limit Worksheet in the instructions. **10**

11 **Credit for child and dependent care expenses.** Enter the **smaller** of line 9 or line 10 here and on Schedule 3 (Form 1040), line 49; or Form 1040NR, line 47. **11**

For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 11669M Form 2441 (2018)

**SCHEDULE 8812** **Additional Child Tax Credit**  **2018** OMB No. 1545-0074  
Attachment Sequence No. 47

▶ Attach to Form 1040 or Form 1040NR.  
▶ Go to [www.irs.gov/Schedule8812](http://www.irs.gov/Schedule8812) for instructions and the latest information.

Department of the Treasury  
Internal Revenue Service (IRS)

Name(s) shown on return Your social security number

**Part I** **All Filers**

**Caution:** If you file Form 2555 or 2555-EZ, **stop here**; you cannot claim the additional child tax credit.

1 If you are required to use the worksheet in Pub. 972, enter the amount from line 10 of the Child Tax Credit and Credit for Other Dependents Worksheet in the publication. Otherwise: **1**

1040 filers: Enter the amount from line 8 of your Child Tax Credit and Credit for Other Dependents Worksheet (see the instructions for Form 1040, line 12a).

1040NR filers: Enter the amount from line 8 of your Child Tax Credit and Credit for Other Dependents Worksheet (see the instructions for Form 1040NR, line 49).

2 Enter the amount from Form 1040, line 12a, or Form 1040NR, line 49. **2**

3 Subtract line 2 from line 1. If zero, stop here; you cannot claim this credit. **3**

4 Number of qualifying children under 17 with the required social security number: X \$1,400. **4**

Enter the result. If zero, stop here; you cannot claim this credit.

TIP: The number of children you use for this line is the same as the number of children you used for line 1 of the Child Tax Credit and Credit for Other Dependents Worksheet.

5 Enter the **smaller** of line 3 or line 4. **5**

6a Earned income (see separate instructions) **6a**

b Nontaxable combat pay (see separate instructions) **6b**

7 Is the amount on line 6a more than \$2,500?  
☐ No. Leave line 7 blank and enter -0- on line 8.  
☐ Yes. Subtract \$2,500 from the amount on line 6a. Enter the result. **7**

8 Multiply the amount on line 7 by 15% (0.15) and enter the result. **8**

Next, on line 4, is the amount \$4,200 or more?  
☐ No. If line 8 is zero, stop here; you cannot claim this credit. Otherwise, skip Part II and enter the smaller of line 5 or line 8 on line 15.  
☐ Yes. If line 8 is equal to or more than line 5, skip Part II and enter the amount from line 5 on line 15. Otherwise, go to line 9.

**Part II** **Certain Filers Who Have Three or More Qualifying Children**

9 Withheld social security, Medicare, and Additional Medicare taxes from Form(s) W-2, boxes 4 and 6. If married filing jointly, include your spouse's amounts with yours. If your employer withheld or you paid Additional Medicare Tax or tier 1 RRTA taxes, see separate instructions. **9**

10 1040 filers: Enter the total of the amounts from Schedule 1 (Form 1040), line 27, and Schedule 4 (Form 1040), line 58, plus any taxes that you identified using code "UT" and entered on Schedule 4 (Form 1040), line 62. **10**

1040NR filers: Enter the total of the amounts from Form 1040NR, lines 27 and 56, plus any taxes that you identified using code "UT" and entered on line 60. **10**

11 Add lines 9 and 10. **11**

12 1040 filers: Enter the total of the amounts from Form 1040, line 17a, and Schedule 5 (Form 1040), line 72. **12**

1040NR filers: Enter the amount from Form 1040NR, line 67. **12**

13 Subtract line 12 from line 11. If zero or less, enter -0-. **13**

14 Enter the larger of line 8 or line 13. **14**

Next, enter the smaller of line 5 or line 14 on line 15.

**Part III** **Additional Child Tax Credit**

15 This is your additional child tax credit. **15**

Enter this amount on Form 1040, line 17b, or Form 1040NR, line 64.

For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 59761M Schedule 8812 (Form 1040) 2018



# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## ITEMIZED DEDUCTIONS, SCHEDULE A. NOW HAS 6 SECTIONS

SCHEDULE A (Form 1040)		Itemized Deductions		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service (99)		Go to <a href="http://www.irs.gov/ScheduleA">www.irs.gov/ScheduleA</a> for instructions and the latest information. Attach to Form 1040.		2018 Attachment Sequence No. 07	
Name(s) shown on Form 1040		Caution: If you are claiming a net qualified disaster loss on Form 4684, see the instructions for line 16.		Your social security number	
<b>Medical and Dental Expenses</b>	<b>Caution:</b> Do not include expenses reimbursed or paid by others. <b>1</b> Medical and dental expenses (see instructions) . . . . . <b>2</b> Enter amount from Form 1040, line 7 . . . . . <b>3</b> Multiply line 2 by 7.5% (0.075) . . . . . <b>4</b> Subtract line 3 from line 1. If line 3 is more than line 1, enter -0- . . . . .	<b>1</b> <b>2</b> <b>3</b> <b>4</b>			
<b>Taxes You Paid</b>	<b>5</b> State and local taxes. <b>a</b> State and local income taxes or general sales taxes. You may include either income taxes or general sales taxes on line 5a, but not both. If you elect to include general sales taxes instead of income taxes, check this box <input type="checkbox"/> <b>5a</b> <b>b</b> State and local real estate taxes (see instructions) . . . . . <b>5b</b> <b>c</b> State and local personal property taxes . . . . . <b>5c</b> <b>d</b> Add lines 5a through 5c . . . . . <b>5d</b> <b>e</b> Enter the smaller of line 5d or \$10,000 (\$5,000 if married filing separately) . . . . . <b>5e</b> <b>6</b> Other taxes. List type and amount <input type="checkbox"/> <b>6</b> <b>7</b> Add lines 5e and 6 . . . . . <b>7</b>	<b>5a</b> <b>5b</b> <b>5c</b> <b>5d</b> <b>5e</b> <b>6</b> <b>7</b>			
<b>Interest You Paid</b>	<b>8</b> Home mortgage interest and points. If you didn't use all of your home mortgage loan(s) to buy, build, or improve your home, see instructions and check this box <input type="checkbox"/> <b>a</b> Home mortgage interest and points reported to you on Form 1098 . . . . . <b>8a</b> <b>b</b> Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying no., and address <input type="checkbox"/> <b>8b</b> <b>c</b> Points not reported to you on Form 1098. See instructions for special rules . . . . . <b>8c</b> <b>d</b> Reserved . . . . . <b>8d</b> <b>e</b> Add lines 8a through 8c . . . . . <b>8e</b> <b>9</b> Investment interest. Attach Form 4952 if required. See instructions . . . . . <b>9</b> <b>10</b> Add lines 8e and 9 . . . . . <b>10</b>	<b>8a</b> <b>8b</b> <b>8c</b> <b>8d</b> <b>8e</b> <b>9</b> <b>10</b>			
<b>Gifts to Charity</b>	<b>11</b> Gifts by cash or check. If you made any gift of \$250 or more, see instructions . . . . . <b>11</b> <b>12</b> Other than by cash or check. If any gift of \$250 or more, see instructions. You <b>must</b> attach Form 8283 if over \$500 . . . . . <b>12</b> <b>13</b> Carryover from prior year . . . . . <b>13</b> <b>14</b> Add lines 11 through 13 . . . . . <b>14</b>	<b>11</b> <b>12</b> <b>13</b> <b>14</b>			
<b>Casualty and Theft Losses</b>	<b>15</b> Casualty and theft loss(es) from a federally declared disaster (other than net qualified disaster losses). Attach Form 4684 and enter the amount from line 18 of that form. See instructions . . . . . <b>15</b>	<b>15</b>			
<b>Other Itemized Deductions</b>	<b>16</b> Other—from list in instructions. List type and amount <input type="checkbox"/> <b>16</b>	<b>16</b>			
<b>Total Itemized Deductions</b>	<b>17</b> Add the amounts in the far right column for lines 4 through 16. Also, enter this amount on Form 1040, line 8 . . . . . <b>17</b> <b>18</b> If you elect to itemize deductions even though they are less than your standard deduction, check here <input type="checkbox"/> <b>18</b>	<b>17</b> <b>18</b>			

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## MEDICAL AND DENTAL EXPENSES

<b>Medical and Dental Expenses</b>	<b>Caution:</b> Do not include expenses reimbursed or paid by others. <b>1</b> Medical and dental expenses (see instructions) . . . . . <b>2</b> Enter amount from Form 1040, line 7 . . . . . <b>3</b> Multiply line 2 by 7.5% (0.075) . . . . . <b>4</b> Subtract line 3 from line 1. If line 3 is more than line 1, enter -0- . . . . .	<div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto;"></div> <div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto;"></div> <div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto;"></div> <div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto;"></div>	<div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto;"></div> <div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto;"></div> <div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto;"></div> <div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto;"></div>	<div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto;"></div> <div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto;"></div> <div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto;"></div> <div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto;"></div>
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Medical and Dental Deductions are Out of Pocket expenses *‘That you paid’* for medical insurance, products, and services such as; COBRA, Medical, Dental, and Vision Insurance Premiums, Prescriptions and Co-payments, Deductibles, Contacts Lens, Glasses, Approved Medical Devices, etc. are deductible.

Generally, medical expenses for *cosmetic surgery*; specific procedures with the intention to enhance your appearance are not deductible.

For 2018, for All Taxpayers, the deduction is limited to amounts above 7.5% of your “Adjusted Gross Income.” The lower limitation for *Seniors 65 or older*, was eliminated.

Medical Transportation Costs are also deductible provided they are primarily for and essential to medical care. Deductible Transportations are bus, train, taxi, plane fares or ambulance services as well as Medical Mileage, for driving to and from medical appointments. For 2018, Vehicle Medical Mileage is deducted at 18 cents per mile.

### Suggestions:

- *Before the end of the year*, ask your Insurer and Pharmacist to print out all Medical visits and Prescriptions to determine if you are close to or are above 7.5% of your “Adjusted Gross Income.”
- *If you are close to or over*, consider seeing your Doctor, Dentist, or fill prescriptions before the end of the year so that you can deduct the expense.

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## STATE INCOME TAX, PERSONAL PROPERTY TAX, & REAL ESTATE TAX - LIMITED DEDUCTION

Taxes You Paid	5	State and local taxes.			
	a	State and local income taxes or general sales taxes. You may include either income taxes or general sales taxes on line 5a, but not both. If you elect to include general sales taxes instead of income taxes, check this box <input type="checkbox"/>	5a		
	b	State and local real estate taxes (see instructions)	5b		
	c	State and local personal property taxes	5c		
	d	Add lines 5a through 5c	5d		
	e	Enter the smaller of line 5d or \$10,000 (\$5,000 if married filing separately)	5e		
	6	Other taxes. List type and amount	6		
	7	Add lines 5e and 6	7		

### Suggestions:

- Generally, your State Income Taxes will be listed on your W-2, but do not forget to include any *voluntary Quarterly State Tax Payments*.
- If you filed your State Income Taxes and you *paid additional taxes in the current year*, your *Total State Income Taxes paid* is that additional State Taxes you paid when you filed your State Tax return, *plus* State Income Taxes listed on your W-2, which may be deducted on your Federal 1040, Schedule A, Itemized Deductions. For example, if you filed your 2017 Virginia Income Tax Return in 2018, paying an additional \$200 Income Tax, then your total State Income Taxes paid would be the additional \$200 State Income Tax paid, plus \$10,000 State Income Taxes listed on your W-2 for a total of \$10,200. Interest and penalty are not included.
- If you itemized your deductions the previous year, which included a deduction for State Income Taxes and received a State Refund, do not *forget to add the refund amount* from the State Dept. of Revenue or Tax, *Form 1099-G*, on Schedule 1, Line 10. *If in 2017, you did not receive a State Refund, did not Itemize, and did not receive Form 1099-G; there is nothing to list.*
- For Virginia and some other states, include Vehicles Personal Property Tax Paid, *plus* the Personal Property Tax Vehicle Registration, which was called the "Sticker."

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## STATE INCOME TAX, PERSONAL PROPERTY TAX, & REAL ESTATE TAX - LIMITED DEDUCTION

Taxes You Paid	
5	State and local taxes. <b>a</b> State and local income taxes or general sales taxes. You may include either income taxes or general sales taxes on line 5a, but not both. If you elect to include general sales taxes instead of income taxes, check this box <input type="checkbox"/> <b>b</b> State and local real estate taxes (see instructions) . . . . . <b>c</b> State and local personal property taxes . . . . . <b>d</b> Add lines 5a through 5c . . . . . <b>e</b> Enter the smaller of line 5d or \$10,000 (\$5,000 if married filing separately) . . . . . <b>6</b> Other taxes. List type and amount ▶
5a	
5b	
5c	
5d	
5e	
6	
7	Add lines 5e and 6

Starting in 2018, the Tax Cuts and Jobs Act (TCJA) *limits the* Itemized Deductions, *Taxes Paid* for *ALL state and local taxes individual taxpayers can deduct in a calendar year to only \$10,000*, which includes all *State and Local as well as Foreign*:

Income Tax

Real Estate Tax

Personal Property Tax

Sales and Use Taxes

Income Tax paid to Foreign Jurisdictions \*

*\*(Taking a Foreign Tax Credit may be more beneficial)*

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## INTEREST ON HOME MORTGAGES AND EQUITY LINES

<b>Interest You Paid</b> <b>Caution:</b> Your mortgage interest deduction may be limited (see instructions).	<b>8</b> Home mortgage interest and points. If you didn't use all of your home mortgage loan(s) to buy, build, or improve your home, see instructions and check this box . . . . . <input type="checkbox"/>				
	<b>a</b> Home mortgage interest and points reported to you on Form 1098 . . . . .	<b>8a</b>			
	<b>b</b> Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying no., and address ►	<b>8b</b>			
	<b>c</b> Points not reported to you on Form 1098. See instructions for special rules . . . . .	<b>8c</b>			
	<b>d</b> Reserved . . . . .	<b>8d</b>			
	<b>e</b> Add lines 8a through 8c . . . . .	<b>8e</b>			
	<b>9</b> Investment interest. Attach Form 4952 if required. See instructions . . . . .	<b>9</b>			
	<b>10</b> Add lines 8e and 9 . . . . .			<b>10</b>	

*Personal Interest paid to Credit Cards are not Deductible.*

Home Mortgages - Beginning in 2018, the Tax Cuts and Jobs Act (TCJA) modified the deduction so that taxpayers may only deduct interest up to \$750,000 of qualified residence loans. The limit is \$375,000 for a married taxpayer filing a separate return. The limits apply to the combined amount of loans used to buy, build or substantially improve the taxpayer's main home and second home. These new limits are lower than the prior limits of \$1 million, or \$500,000 for a married taxpayer filing a separate return.

Equity Lines – Starting 2018, they are *only deductible* if used to *buy, build or substantially improve the taxpayer's home* that secures the loan.



# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## CHARITABLE CONTRIBUTIONS

<b>Gifts to Charity</b>	<b>11</b>	Gifts by cash or check. If you made any gift of \$250 or more, see instructions . . . . .	<b>11</b>			
	<b>12</b>	Other than by cash or check. If any gift of \$250 or more, see instructions. You <b>must</b> attach Form 8283 if over \$500 . . . . .	<b>12</b>			
	<b>13</b>	Carryover from prior year . . . . .	<b>13</b>			
	<b>14</b>	Add lines 11 through 13 . . . . .	<b>14</b>			

If you made a gift and got a benefit for it, see instructions.

Generally, a deduction is valid only if given to a Charitable Organization that is Tax-exempt by 26 U.S.C. § 501(c) of the Internal Revenue Code (IRC), whereby it is exempt from federal income tax if its activities have the basic purpose for the Betterment of Humans: charitable, religious, educational, scientific, literary, testing for public safety, fostering amateur sports, etc.

[https://www.irs.gov/Charities-&-Non-Profits/Charitable-Organizations/Exempt-Purposes-Internal-Revenue-Code-Section-501\(c\)\(3\)](https://www.irs.gov/Charities-&-Non-Profits/Charitable-Organizations/Exempt-Purposes-Internal-Revenue-Code-Section-501(c)(3))

Verify 501(c) Tax-exempt status at:

<https://apps.irs.gov/app/eos/mainSearch.do?mainSearchChoice=pub78&dispatchMethod=selectSearch>

Suggestions:

- If you have a *“Some Extra Funds,”* consider making an extra payment to your Church, Synagogue, Mosque or other charity *before the end of the year* to increase your Deduction. For 2018, using your *Vehicle for a Charity* is deductible at 14 cents per mile.
- Donations to Charities other than cash, such as Computers, Clothing, Housewares, TV’s, etc. are also deductible.
- The question is their value. The Salvation Army provides a great *“Donation Value Guide”* <https://satruck.org/Home/DonationValueGuide> that provides 4 pages of items with high and low values.
- For an Automobile or Truck, the deduction is restricted to the *lower* of the *Fair Market Value* or the amount the charity actually *sold the vehicle*. If the Automobile or Truck *Value is \$1,000, but if only sold for \$500, then only \$500 is deductible*.



# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## CASUALTY AND THEFT LOSSES OF PROPERTY, NOT USED IN A TRADE OR BUSINESS

**Casualty and Theft Losses** **15** Casualty and theft loss(es) from a federally declared disaster (other than net qualified disaster losses). Attach Form 4684 and enter the amount from line 18 of that form. See instructions

**15**

Beginning in 2018, the Tax Cuts and Jobs Act (TCJA) modified the Casualty and Thefts deduction only if they occur in a *Federally Declared Disaster Area* with a *FEMA Disaster Declaration Number*. For 2018, Federal Form 4684 Casualty and Thefts, will continue to Limit the Deduction to any amount over 10% of “Adjusted Gross Income.”

**Form 4684** **Casualties and Thefts** OMB No. 1545-0177  
 Department of the Treasury Internal Revenue Service **2018** Attached Sequence No. 26  
 Name(s) shown on tax return Identifying number

**SECTION A—Personal Use Property** (Use this section to report casualties and thefts of property **not** used in a trade or business or for income-producing purposes. You must use a separate Form 4684 (through line 12) for each casualty or theft event involving personal use property. If reporting a casualty loss sustained in 2018 from a federally declared disaster that occurred in 2016, or from Hurricane Harvey, Tropical Storm Harvey, Hurricane Irma, Hurricane Maria, or the California Wildfires, see the instructions before completing this section.)

If the casualty or theft loss is attributable to a federally declared disaster, check here ☐ and enter the FEMA disaster declaration number. (See Instructions.)

Type of Property	City and State	ZIP Code	Date Acquired
Property A			
Property B			
Property C			
Property D			

**2** Cost or other basis of each property

**3** Insurance or other reimbursement (whether or not you filed a claim) (see instructions)

**4** Gain from casualty or theft. If line 3 is more than line 2, enter the difference here and skip lines 5 through 9 for that column. See instructions if line 3 includes insurance or other reimbursement you did not claim, or you received payment for your loss in a later tax year.

**5** Fair market value before casualty or theft

**6** Fair market value after casualty or theft

**7** Subtract line 6 from line 5

**8** Enter the smaller of line 2 or line 7

**9** Subtract line 3 from line 8. If zero or less, enter -0-

**10** Casualty or theft loss. Add the amounts on line 9 in columns A through D

**11** Enter \$100 (\$500 if qualified disaster loss rules apply; see instructions)

**12** Subtract line 11 from line 10. If zero or less, enter -0-  
 Caution: Use only one Form 4684 for lines 13 through 18.

**13** Add the amounts on line 4 of all Forms 4684

**14** Add the amounts on line 12 of all Forms 4684. If you have losses not attributable to a federally declared disaster, see the instructions  
 Caution: See instructions before completing line 15.

**15** \* If line 13 is more than line 14, enter the difference here and on Schedule D. Do not complete the rest of this section.  
 \* If line 13 is equal to line 14, enter -0- here. Do not complete the rest of this section.  
 \* If line 13 is less than line 14, and you have no qualified disaster losses subject to the \$500 reduction on line 11 on any Form(s) 4684, enter -0- here and go to line 16. If you have qualified disaster losses subject to the \$500 reduction, subtract line 13 from line 12 of the Form(s) 4684 reporting those losses. If the result is zero or less, see instructions. Otherwise, enter that result here and on Schedule A (Form 1040), line 16, or Form 1040NR, Schedule A, line 7. If you claim the standard deduction, also include on Schedule A (Form 1040), line 16, the amount of your standard deduction (see the instructions for Form 1040). Do not complete the rest of this section if all of your casualty or theft losses are subject to the \$500 reduction.

**16** Add lines 13 and 15. Subtract the result from line 14

**17** Enter 10% of your adjusted gross income from Form 1040, line 7, or Form 1040NR, line 36. Estates and trusts, see instructions

**18** Subtract line 17 from line 16. If zero or less, enter -0-. Also, enter the result on Schedule A (Form 1040), line 15, or Form 1040NR, Schedule A, line 6. Estates and trusts, enter the result on the "Other deductions" line of your tax return

For Paperwork Reduction Act Notice, see instructions. Cat. No. 120970 Form **4684** (2018)

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## OTHER MISCELLANEOUS DEDUCTIONS

<b>SCHEDULE A</b> <b>(Form 1040)</b>  Department of the Treasury Internal Revenue Service (99)	<b>Itemized Deductions</b>  ▶ Go to <a href="http://www.irs.gov/ScheduleA">www.irs.gov/ScheduleA</a> for instructions and the latest information. ▶ Attach to Form 1040.  <b>Caution:</b> If you are claiming a net qualified disaster loss on Form 4684, see the instructions for line 16.		OMB No. 1545-0074  <b>2018</b> Attachment Sequence No. <b>07</b>
	<b>Other</b> <b>16</b> Other—from list in instructions. List type and amount ▶ _____ _____ _____ <b>Other</b> <b>Itemized</b> <b>Deductions</b>		<b>16</b>

### **If you had a Net Qualified Disaster Loss and you can elect to increase your Standard Deduction**

For 2018, if you have “*Net Qualified Disaster Losses*” on Form 4684, Casualties and Thefts, line 15, and you are *not itemizing your deductions*, you can *claim an increased standard deduction* using Schedule A by doing the following:

1. List the amount from Form 4684, line 15, on Schedule A, line 16 “Other,” on the *first dotted line*, type “*Net Qualified Disaster Loss*,” and attach Form 4684.
2. List your standard deduction amount on Schedule A, line 16 “Other” on the *second dotted line* next to line 16 as “*Standard Deduction Claimed With Qualified Disaster Loss*.”
3. Combine the two amounts on line 16 and enter on Form 1040, line 8.

*Do not enter an amount on any other line of Schedule A.*

For more information on how to determine your increased standard deduction, see Pub. 976.

2018 Form Schedule A, Itemized Deductions - Instructions

<https://www.irs.gov/pub/irs-dft/i1040sca--dft.pdf>

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## MISCELLANEOUS ITEMIZED DEDUCTIONS

Starting 2018, The Tax Cuts and Jobs Act (TCJA) *Suspended* most Itemized Deductions, Schedule A., Miscellaneous Itemized Deductions such as:

- *Deductions for employee business expenses*
- *Tax preparation fees*
- *Investment expenses, including investment management fees*
- *Employment related educational expenses*
- *Job search expenses*
- *Hobby losses*
- *Safe deposit box fees*
- *Investment expenses from pass-through entities*

Personal Casualty and Theft Loss Deduction are suspended, unless incurred in Federally-declared Disaster Area with a FEMA Number.

Moving Expenses are *no longer be deductible*, except for *members of the Armed Forces who move due to a military order*.

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## EMPLOYEE BUSINESS EXPENSES - FORM 2106

Starting 2018, The Tax Cuts and Jobs Act (TCJA) *Suspended* Itemized Deductions, Schedule A., Miscellaneous Itemized Deductions - Employee Business Expenses and Form 2106 is *Limited* to be only be filed by:

- Armed Forces Reservists,
- Employees with impairment-related work expenses,
- Employees who received employer reimbursements,
- Qualified performing artists, and
- Fee-basis state or local government officials

**Form 2106** **Employee Business Expenses** OMB No. 1545-0074  
Department of the Treasury **2018**  
Internal Revenue Service (99) **Attachment Sequence No 129**  
For use only by Armed Forces reservists, qualified performing artists, fee-basis state or local government officials, and employees with impairment-related work expenses.  
Go to [www.irs.gov/Form2106](http://www.irs.gov/Form2106) for instructions and the latest information.

Your name \_\_\_\_\_ Occupation in which you incurred expenses \_\_\_\_\_ Social security number \_\_\_\_\_

**Part I Employee Business Expenses and Reimbursements**

**Step 1 Enter Your Expenses**

	Column A Other Than Meals	Column B Meals
1 Vehicle expense from line 22 or line 29. (Rural mail carriers: See instructions.)	1	
2 Parking fees, tolls, and transportation, including train, bus, etc., that <b>didn't</b> involve overnight travel or commuting to and from work	2	
3 Travel expense while away from home overnight, including lodging, airplane, car rental, etc. <b>Don't</b> include meals	3	
4 Business expenses not included on lines 1 through 3. <b>Don't</b> include meals	4	
5 Meals expenses (see instructions)	5	
6 <b>Total expenses.</b> In Column A, add lines 1 through 4 and enter the result. In Column B, enter the amount from line 5	6	

**Note:** If you weren't reimbursed for any expenses in Step 1, skip line 7 and enter the amount from line 6 on line 8.

**Step 2 Enter Reimbursements Received From Your Employer for Expenses Listed in Step 1**

7 Enter reimbursements received from your employer that <b>weren't</b> reported to you in box 1 of Form W-2. Include any reimbursements reported under code "L" in box 12 of your Form W-2 (see instructions).	7	
--	---	--

**Step 3 Figure Expenses To Deduct**

8 Subtract line 7 from line 6. If zero or less, enter -0-. However, if line 7 is greater than line 6 in Column A, report the excess as income on Form 1040, line 1 (or on Form 1040NR, line 8)	8	
<b>Note:</b> If <b>both</b> columns of line 8 are zero, you can't deduct employee business expenses. Stop here and attach Form 2106 to your return.		
9 In Column A, enter the amount from line 8. In Column B, multiply line 8 by 50% (0.50)	9	
10 Add the amounts on line 9 of both columns and enter the total here. Also, enter the total on Schedule 1 (Form 1040), line 24 (or Form 1040NR, line 34). Employees with impairment-related work expenses, see the instructions for rules on where to enter the total on your return	10	

For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 11700N Form **2106** (2018)

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## SUGGESTIONS

### Question:

If I take the Standard Deduction this year, can I pay for some things the next year?

### Answer:

*For 2018 and many following years, because of the Tax Cuts and Jobs Act (TCJA) Standard Deduction increases, Most Taxpayers will be Filing a Standard Deduction and Not Itemizing.*

When you have to take the Standard Deduction because you do not have enough expenses to itemize in 2018, you can “Defer” or “Put off” paying some things to 2018; as long as the Bank does not charge any additional penalties or interest.

- If your Mortgage is *better than up to date*, perhaps you could put off making that extra payment until the following year.
- If your current Itemized Deductions are close to the Standard Deduction amount, if you have just a “Little Extra Funds,” think about making an extra payment on your Mortgage before the end of the year to increase your Mortgage Interest Deduction.
- If you have a “Larger Amount of Extra Funds,” consider making a payment on your Mortgage “To Principle Only,” which will eventually decrease the total Interest, the number of Mortgage payments, and you will pay off your Mortgage earlier.

# **2018 INDIVIDUAL INCOME TAX WORKSHOP**

## **TAX BRACKETS AND FILING STATUS**

The Federal Income Tax owed depends on Income Level and Filing Status.

0-\$9,525

\$9,526 - \$38,700

\$38,701 - \$82,500

\$82,501 - \$157,500

\$157,501 - \$200,000

\$200,001 - \$500,000

\$500,001 +

*Filing Status is based on marital status and family situation.*

There are Five Possible Filing Status Categories:

- Single.
- Married filing jointly.
- Married filing separately.
- Head of household.
- Qualifying widow(er) with dependent child.



# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## TAX RATES

For 2017 , the tax rates in seven (7) Tax Brackets was:  
10%, 15%, 25%, 28%, 33%, 35%, and 39.6%.

For 2018, the Tax Cuts and Jobs Act (TCJA) the seven (7) Brackets remained, but the Tax Rates were *lowered*:

Tax

The new Tax Rates are:

10%, 12%, 22%, 24%, 32%, 35%, and 37%

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## ALTERNATIVE MINIMUM TAX (AMT)- FORM 6251

**IRS TIP-** If you owe AMT, you may be able to lower your total tax (regular tax plus AMT) by claiming Itemized Deductions on Form 1040, even if your total Itemized Deductions are less than the Standard Deduction. This is because the Standard Deduction is not allowed for AMT and, if you claim the Standard Deduction on Form 1040, you can not claim Itemized Deductions for AMT.

Form **6251** **Alternative Minimum Tax—Individuals** OMB No. 1545-0074 **2018** Attachment Sequence No. **32**

Department of the Treasury Internal Revenue Service (IRS) **Go to [www.irs.gov/Form6251](https://www.irs.gov/Form6251) for instructions and the latest information.** **Attach to Form 1040 or Form 1040NR.**

Name(s) shown on Form 1040 or Form 1040NR: \_\_\_\_\_ Your social security number: \_\_\_\_\_

**Part I Alternative Minimum Taxable Income** (See instructions for how to complete each line.)

1	Enter the amount from Form 1040, line 10, if more than zero. If Form 1040, line 10, is zero, subtract lines 8 and 9 of Form 1040 from line 7 of Form 1040 and enter the result here. (If less than zero, enter as a negative amount.)	1
2a	If filing Schedule A (Form 1040), enter the taxes from Schedule A, line 7; otherwise, enter the amount from Form 1040, line 8	2a
b	Tax refund from Schedule 1 (Form 1040), line 10 or line 21	2b
c	Investment interest expense (difference between regular tax and AMT)	2c
d	Depletion (difference between regular tax and AMT)	2d
e	Net operating loss deduction from Schedule 1 (Form 1040), line 21. Enter as a positive amount	2e
f	Alternative tax net operating loss deduction	2f
g	Interest from specified private activity bonds exempt from the regular tax	2g
h	Qualified small business stock, see instructions	2h
i	Exercise of incentive stock options (excess of AMT income over regular tax income)	2i
j	Estates and trusts (amount from Schedule K-1 (Form 1041), box 12, code A)	2j
k	Disposition of property (difference between AMT and regular tax gain or loss)	2k
l	Depreciation on assets placed in service after 1986 (difference between regular tax and AMT)	2l
m	Passive activities (difference between AMT and regular tax income or loss)	2m
n	Loss limitations (difference between AMT and regular tax income or loss)	2n
o	Circulation costs (difference between regular tax and AMT)	2o
p	Long-term contracts (difference between AMT and regular tax income)	2p
q	Mining costs (difference between regular tax and AMT)	2q
r	Research and experimental costs (difference between regular tax and AMT)	2r
s	Income from certain installment sales before January 1, 1987	2s
t	Intangible drilling costs preference	2t
3	Other adjustments, including income-based related adjustments	3
4	<b>Alternative minimum taxable income.</b> Combine lines 1 through 3. (If married filing separately and line 4 is more than \$718,800, see instructions.)	4

**Part II Alternative Minimum Tax (AMT)**

5 Exemption. (If you were under age 24 at the end of 2018, see instructions.)

IF your filing status is . . .	AND line 4 is not over . . .	THEN enter on line 5 . . .
Single or head of household	\$ 500,000	\$ 70,300
Married filing jointly or qualifying widow(er)	1,000,000	109,400
Married filing separately	500,000	54,700

If line 4 is **over** the amount shown above for your filing status, see instructions.

6 Subtract line 5 from line 4. If more than zero, go to line 7. If zero or less, enter -0- here and on lines 7, 9, and 11, and go to line 10.

7 • If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter.

• If you reported capital gain distributions directly on Schedule 1 (Form 1040), line 13; you reported qualified dividends on Form 1040, line 3a; or you had a gain on both lines 15 and 16 of Schedule D (Form 1040) (as figured for the AMT, if necessary), complete Part III on the back and enter the amount from line 40 here.

• **All others:** If line 6 is \$191,100 or less (\$95,550 or less if married filing separately), multiply line 6 by 26% (0.26). Otherwise, multiply line 6 by 28% (0.28) and subtract \$3,822 (\$1,911 if married filing separately) from the result.

8 Alternative minimum tax foreign tax credit (see instructions)

9 Tentative minimum tax. Subtract line 8 from line 7.

10 Add Form 1040, line 11a (minus any tax from Form 4972), and Schedule 2 (Form 1040), line 46. Subtract from the result any foreign tax credit from Schedule 3 (Form 1040), line 48. If you used Schedule J to figure your tax on Form 1040, line 11a, refigure that tax without using Schedule J before completing this line (see instructions).

11 **AMT.** Subtract line 10 from line 9. If zero or less, enter -0-. Enter here and on Schedule 2 (Form 1040), line 45.

Form 6251 (2018) Page **2**

**Part III Tax Computation Using Maximum Capital Gains Rates**  
Complete Part III only if you are required to do so by line 7 or by the Foreign Earned Income Tax Worksheet in the instructions.

12	Enter the amount from Form 6251, line 6. If you are filing Form 2555 or 2555-EZ, enter the amount from line 3 of the worksheet in the instructions for line 7.	12
13	Enter the amount from line 6 of the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 11a, or the amount from line 13 of the Schedule D Tax Worksheet in the instructions for Schedule D (Form 1040), whichever applies (as figured for the AMT, if necessary) (see instructions). If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter.	13
14	Enter the amount from Schedule D (Form 1040), line 19 (as figured for the AMT, if necessary) (see instructions). If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter.	14
15	If you did not complete a Schedule D Tax Worksheet for the regular tax or the AMT, enter the amount from line 13. Otherwise, add lines 13 and 14, and enter the <b>smaller</b> of that result or the amount from line 10 of the Schedule D Tax Worksheet (as figured for the AMT, if necessary). If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter.	15
16	Enter the <b>smaller</b> of line 12 or line 15.	16
17	Subtract line 16 from line 12.	17
18	If line 17 is \$191,100 or less (\$95,550 or less if married filing separately), multiply line 17 by 26% (0.26). Otherwise, multiply line 17 by 28% (0.28) and subtract \$3,822 (\$1,911 if married filing separately) from the result.	18
19	Enter: • \$77,200 if married filing jointly or qualifying widow(er), • \$38,600 if single or married filing separately, or • \$51,700 if head of household.	19
20	Enter the amount from line 7 of the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 11a, or the amount from line 14 of the Schedule D Tax Worksheet in the instructions for Schedule D (Form 1040), whichever applies (as figured for the regular tax). If you did not complete either worksheet for the regular tax, enter the amount from Form 1040, line 10; if zero or less, enter -0-. If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter.	20
21	Subtract line 20 from line 19. If zero or less, enter -0-.	21
22	Enter the <b>smaller</b> of line 12 or line 13.	22
23	Enter the <b>smaller</b> of line 21 or line 22. This amount is taxed at 0%.	23
24	Subtract line 23 from line 22.	24
25	Enter: • \$425,800 if single • \$239,500 if married filing separately • \$479,000 if married filing jointly or qualifying widow(er) • \$452,400 if head of household.	25
26	Enter the amount from line 21.	26
27	Enter the amount from line 7 of the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 11a, or the amount from line 19 of the Schedule D Tax Worksheet, whichever applies (as figured for the regular tax). If you did not complete either worksheet for the regular tax, enter the amount from Form 1040, line 10; if zero or less, enter -0-. If you are filing Form 2555 or Form 2555-EZ, see instructions for the amount to enter.	27
28	Add line 26 and line 27.	28
29	Subtract line 28 from line 25. If zero or less, enter -0-.	29
30	Enter the <b>smaller</b> of line 24 or line 29.	30
31	Multiply line 30 by 15% (0.15).	31
32	Add lines 23 and 30.	32
33	If lines 32 and 12 are the same, skip lines 33 through 37 and go to line 38. Otherwise, go to line 33.	33
34	Subtract line 32 from line 22.	34
35	Multiply line 33 by 20% (0.20).	35
36	If line 14 is zero or blank, skip lines 35 through 37 and go to line 38. Otherwise, go to line 35.	36
37	Add lines 17, 32, and 33.	37
38	Subtract line 35 from line 12.	38
39	Multiply line 36 by 25% (0.25).	39
40	Add lines 18, 31, 34, and 37.	40
41	If line 12 is \$191,100 or less (\$95,550 or less if married filing separately), multiply line 12 by 26% (0.26). Otherwise, multiply line 12 by 28% (0.28) and subtract \$3,822 (\$1,911 if married filing separately) from the result.	41
42	Enter the <b>smaller</b> of line 38 or line 39 here and on line 7. If you are filing Form 2555 or 2555-EZ, do not enter this amount on line 7. Instead, enter on line 4 of the worksheet in the instructions for line 7.	42

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## ALTERNATIVE MINIMUM TAX (AMT)- INFORMATION

Alternative Minimum Tax (AMT)- Designed for High Income Earners and a Few middle-income filers to pay *more Individual Income Tax* by generally limiting deductions claimed.

*Taxpayer's must pay the higher of the Regular Tax Calculation or the AMT Calculation*

Tax Cuts and Jobs Act - *Permanently* Adjusts Individual AMT limits for inflation.

*Permanently Abolished Corporate AMT.*

Alternative Minimum Tax Income (AMTI) - The starting point is Form 1040, Line 10 Taxable Income, which is calculated by adding Line 7, Adjusted Gross Income, less Line 8, Standard or Itemized Deduction and less Line 9, Qualified Business Income Deductions. Next, certain Tax Exclusions and Deferrals are added back.

### AMT Exemptions Amounts

IF Filing Status is . . . . . AND AMTI is not over . . . THEN Exemption Amount

Single or head of household . . . . \$500,000 . . . . . \$70,300

Married filing jointly or

Qualifying widow(er) . . . . . \$1,000,000 . . . . . \$109,400

Married filing separately. . . . . \$500,000 . . . . . \$54,700

### 2018, Alternative Minimum Tax Income (AMTI) Brackets

While there are seven tax brackets in the Standard Income Tax Calculation Method, the AMT has only two: 26% and 28%.

<u>Filing Status</u>	<u>26% AMT Tax Rate</u>	<u>28% AMT Tax Rate</u>
Married filing separately	AMTI up to \$95,750	AMTI above \$95,750
All other filers	AMTI up to \$191,500	AMTI above 191,500

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## SCHEDULE C, PROFIT OR LOSS FROM BUSINESS- SOLE PROPRIETORSHIP

SCHEDULE C (Form 1040)		Profit or Loss From Business (Sole Proprietorship)		OMB No. 1545-0074 2018 Attachment Sequence No. 09	
Department of the Treasury Internal Revenue Service (99)					
Name of proprietor					
A Principal business or profession, including product or service (see instructions)				B Enter code from instructions	
C Business name. If no separate business name, leave blank.				D Employer ID number (EIN) (see instr.)	
E Business address (including suite or room no.) ▶ City, town or post office, state, and ZIP code					
F Accounting method: (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ▶					
G Did you "materially participate" in the operation of this business during 2018? If "No," see instructions for limit on losses <input type="checkbox"/> Yes <input type="checkbox"/> No					
H If you started or acquired this business during 2018, check here <input type="checkbox"/> Yes <input type="checkbox"/> No					
I Did you make any payments in 2018 that would require you to file Form(s) 1099? (see instructions) <input type="checkbox"/> Yes <input type="checkbox"/> No					
J If "Yes," did you or will you file required Forms 1099? <input type="checkbox"/> Yes <input type="checkbox"/> No					
<b>Part I Income</b>					
1 Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked <input type="checkbox"/> 1					
2 Returns and allowances 2					
3 Subtract line 2 from line 1 3					
4 Cost of goods sold (from line 42) 4					
5 Gross profit. Subtract line 4 from line 3 5					
6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions) 6					
7 Gross income. Add lines 5 and 6 7					
<b>Part II Expenses. Enter expenses for business use of your home only on line 30.</b>					
8 Advertising 8					
9 Car and truck expenses (see instructions) 9					
10 Commissions and fees 10					
11 Contract labor (see instructions) 11					
12 Depletion 12					
13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions) 13					
14 Employee benefit programs (other than on line 19) 14					
15 Insurance (other than health) 15					
16 Interest (see instructions): 16					
a Mortgage (paid to banks, etc.) 16a					
b Other 16b					
17 Legal and professional services 17					
18 Office expense (see instructions) 18					
19 Pension and profit-sharing plans 19					
20 Rent or lease (see instructions): 20a					
a Vehicles, machinery, and equipment 20a					
b Other business property 20b					
21 Repairs and maintenance 21					
22 Supplies (not included in Part III) 22					
23 Taxes and licenses 23					
24 Travel and meals: 24a					
a Travel 24a					
b Deductible meals (see instructions) 24b					
25 Utilities 25					
26 Wages (less employment credits) 26					
27a Other expenses (from line 48) 27a					
b Reserved for future use 27b					
28 Total expenses before expenses for business use of home. Add lines 8 through 27a 28					
29 Tentative profit or (loss). Subtract line 28 from line 7 29					
30 Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method (see instructions). Simplified method filers only: enter the total square footage of: (a) your home: _____ and (b) the part of your home used for business: _____. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30 30					
31 Net profit or (loss). Subtract line 30 from line 29. • If a profit, enter on both Schedule 1 (Form 1040), line 12 (or Form 1040NR, line 13) and on Schedule SE, line 2. (If you checked the box on line 1, see instructions). Estates and trusts, enter on Form 1041, line 3. • If a loss, you must go to line 32. 31					
32 If you have a loss, check the box that describes your investment in this activity (see instructions). • If you checked 32a, enter the loss on both Schedule 1 (Form 1040), line 12 (or Form 1040NR, line 13) and on Schedule SE, line 2. (If you checked the box on line 1, see the line 31 instructions). Estates and trusts, enter on Form 1041, line 3. • If you checked 32b, you must attach Form 6198. Your loss may be limited. 32a <input type="checkbox"/> All investment is at risk. 32b <input type="checkbox"/> Some investment is not at risk.					

Schedule C (Form 1040) 2018		Page 2	
<b>Part III Cost of Goods Sold</b> (see instructions)			
33 Method(s) used to value closing inventory: a <input type="checkbox"/> Cost b <input type="checkbox"/> Lower of cost or market c <input type="checkbox"/> Other (attach explanation)			
34 Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation <input type="checkbox"/> Yes <input type="checkbox"/> No			
35 Inventory at beginning of year. If different from last year's closing inventory, attach explanation 35			
36 Purchases less cost of items withdrawn for personal use 36			
37 Cost of labor. Do not include any amounts paid to yourself 37			
38 Materials and supplies 38			
39 Other costs 39			
40 Add lines 35 through 39 40			
41 Inventory at end of year 41			
42 Cost of goods sold. Subtract line 41 from line 40. Enter the result here and on line 4 42			
<b>Part IV Information on Your Vehicle.</b> Complete this part only if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 to find out if you must file Form 4562.			
43 When did you place your vehicle in service for business purposes? (month, day, year) / /			
44 Of the total number of miles you drove your vehicle during 2018, enter the number of miles you used your vehicle for: a Business b Commuting (see instructions) c Other			
45 Was your vehicle available for personal use during off-duty hours? <input type="checkbox"/> Yes <input type="checkbox"/> No			
46 Do you (or your spouse) have another vehicle available for personal use? <input type="checkbox"/> Yes <input type="checkbox"/> No			
47a Do you have evidence to support your deduction? <input type="checkbox"/> Yes <input type="checkbox"/> No b If "Yes," is the evidence written? <input type="checkbox"/> Yes <input type="checkbox"/> No			
<b>Part V Other Expenses.</b> List below business expenses not included on lines 8–26 or line 30.			
48 Total other expenses. Enter here and on line 27a 48			

# **2018 INDIVIDUAL INCOME TAX WORKSHOP**

## **PASS-THROUGH ENTITIES - DEDUCTION UP TO 20% OF QUALIFIED BUSINESS INCOME**

<https://www.irs.gov/newsroom/tax-cuts-and-jobs-act-provision-11011-section-199a-qualified-business-income-deduction-faqs>

A Pass-through Entity is a *domestic business* operated as a *Sole Proprietorship or Through a Partnership, S Corporation, Trust or Estate* and recognized as a separate entity for federal income tax purposes.

Starting 2018, The Tax Cuts and Jobs Act (TCJA) created a Sec. 199A Deduction for up to 20% of *Qualified Business Income (QBI)* for entities where income is “Passed through.” Individuals, trusts and estates with *Qualified Business Income (QBI)*, Qualified REIT Dividends or Qualified PTP Income may qualify for the deduction.

Eligible taxpayers may be entitled to a deduction of up to 20 % of *Qualified Business Income (QBI)* from a domestic business operated as:

*Sole Proprietorship (Form Schedule C) Partnership, S-Corporation, Trust or Estate*

The deduction is not available if a taxpayer’s taxable income exceeds \$315,000 for a married couple filing a joint return, or \$157,500 for all other taxpayers for *Specified Service Trade or Business (SSTB)*, which includes a trade or business involving the *performance of services* in the fields of:

*Health, Law, Accounting, Actuarial Science, Performing Arts, Consulting, Athletics, Financial Services, Investing and Investment Management*

*Trading, dealing in certain assets or any trade or business where the principal asset is the reputation or skill of one or more of its employees.*

1040 Instructions page 37, Qualified Business Income Deduction-Simplified Worksheet  
Line 15. Qualified Business Income Deduction, enter amount on Form 1040, line 9.



# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## Tax Year 2019, Withholding Tax - Form W-4

For the IRS Withholding Calculator go to [www.irs.gov/W4App](http://www.irs.gov/W4App)

----- Separate here and give Form W-4 to your employer. Keep the worksheet(s) for your records. -----

<b>Form W-4</b> Department of the Treasury Internal Revenue Service		<b>Employee's Withholding Allowance Certificate</b> ► Whether you're entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.		OMB No. 1545-0074 <b>2019</b>	
<b>1</b> Your first name and middle initial		Last name		<b>2</b> Your social security number	
Home address (number and street or rural route)				<b>3</b> <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate. Note: If married filing separately, check "Married, but withhold at higher Single rate."	
City or town, state, and ZIP code				<b>4</b> If your last name differs from that shown on your social security card, check here. You must call 800-772-1213 for a replacement card. ► <input type="checkbox"/>	
<b>5</b> Total number of allowances you're claiming (from the applicable worksheet on the following pages) . . . . .				<b>5</b>	
<b>6</b> Additional amount, if any, you want withheld from each paycheck . . . . .				<b>6</b>	\$
<b>7</b> I claim exemption from withholding for 2019, and I certify that I meet <b>both</b> of the following conditions for exemption. • Last year I had a right to a refund of <b>all</b> federal income tax withheld because I had <b>no</b> tax liability, <b>and</b> • This year I expect a refund of <b>all</b> federal income tax withheld because I expect to have <b>no</b> tax liability. If you meet both conditions, write "Exempt" here . . . . . ►				<b>7</b>	
Under penalties of perjury, I declare that I have examined this certificate and, to the best of my knowledge and belief, it is true, correct, and complete.					
<b>Employee's signature</b> (This form is not valid unless you sign it.) ►					
<b>8</b> Employer's name and address ( <b>Employer:</b> Complete boxes 8 and 10 if sending to IRS and complete boxes 8, 9, and 10 if sending to State Directory of New Hires.)				<b>9</b> First date of employment	<b>10</b> Employer identification number (EIN)

For Privacy Act and Paperwork Reduction Act Notice, see page 4. Cat. No. 10220Q Form **W-4** (2019)

Although starting in 2018, the Tax Cuts and Jobs Act (TCJA) *suspended the Personal Exemption (People) for Individual Income Tax Returns*, but left the Personal Allowance (People) for Withholding Tax Calculations, which is \$4,200 per Person. The Act also *lowered the Employee Withholding Tax Tables* so that employees received more in their paychecks, but it results in *Smaller Tax Refunds* when Individual Income Tax Returns are filed.



# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## AFFORDABLE CARE ACT (ACA) – HEALTHCARE COVERAGE

Starting 2018, The Tax Cuts and Jobs Act (TCJA) *Eliminated* the Affordable Care Act (ACA) *Individual Mandate Penalty*, which required all U.S. Citizens to have Health Care Coverage.

Currently, in the U.S. there are five types of Healthcare Insurance:

*Private, Through an Employer, Medicare, Medicaid, Obamacare, and VA (Veterans Administration)*

If all five Healthcare Insurers merged into one National Healthcare policy, then since there would be a greater number of insurers in the “Insurance Pool” to adsorb the risks, the premiums should be less, and yet provide better coverage.

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## IMPORTANT DATES FOR 2018 AFFORDABLE CARE ACT ENROLLMENT

<https://www.healthcare.gov/quick-guide/dates-and-deadlines>

If you don't have health insurance through a Job, Medicare, Medicaid, the Children's Health Insurance Program (CHIP), or another source that provides qualifying coverage, the Health Insurance Marketplace can provide you with coverage.

For 2018, the Open Enrollment Period was *reduced* to run from November 1, 2018 to December 15, 2018.

If you did not enroll in a health insurance plan for 2018 you *may* qualify for a Special Enrollment Period.

### Current Dates, Unless Congress Changes the Laws:

- November 1, 2018: Open Enrollment started — first day to enroll, re-enroll, or change a 2019 insurance plan through the Health Insurance Marketplace.
- December 15, 2018: Last day to enroll in or change plans for coverage to start January 1, 2019.
- January 1, 2019: 2019 coverage starts for those who enrolled or changed plans by December 15.
- January 29, 2019 to April 15, 2019: *IRS Tax Season* for filing 2018 Individual Income Tax Return, unless extension is filed, then due *October 15, 2019*.

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## SPECIAL ENROLLMENT PERIOD (SEP)

Special Enrollment Period is a time *outside the yearly Open Enrollment Period* when you can sign up for health insurance. You qualify for a Special Enrollment Period if you've had certain *Life Events*, including losing health coverage, moving, getting married, having a baby, or adopting a child. <https://www.healthcare.gov/glossary/special-enrollment-period>

Generally, *Special Enrollment Periods* apply to all health insurance plans through a Job, Medicare, Medicaid, the Children's Health Insurance Program (CHIP), or another source that provides qualifying coverage, but paying too much for health care does not qualify for the enrollment.

The following are *Life Events or Qualifying Events* that would trigger a *Special Enrollment Period*, and the documentation needed for each:

<https://www.healthcare.gov/coverage-outside-open-enrollment/special-enrollment-period>

Type of Event	Documentation Required
Birth of a child	Birth certificate or birth record
Adoption or placement for adoption	Adoption papers or court order with judge's signature
Marriage	Marriage certificate
Reached dependent age limit (age 26)	Certificate of Creditable Coverage and/or term letter with the date and reason coverage was lost
Permanent move that provides access to new Qualified Health Plan	Dated utility bill, bank statement, lease or other form with new address
Involuntary loss of Minimum Essential Coverage	Certificate of Creditable Coverage and/or term letter with the date and reason coverage was lost
COBRA expiration	Term letter with the reason the coverage was terminated
Exchange exemption	Letter/documentation from exchange stating that there was an error/exemption

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## FLEXIBLE SPENDING ACCOUNT (FSA) - DEFINITION

A Flexible Spending Account allows an employee to set aside a *portion of earnings to pay for qualified expenses* as established in the cafeteria plan, most commonly for *medical expenses*, but often for *dependent care* or other expenses. Money deducted from an employee's pay into an FSA is not subject to payroll taxes, resulting in substantial payroll tax savings.

Under the Affordable Care Act, a *plan may permit* an employee to carry over up to \$500 into the following year without losing the funds.

[https://en.wikipedia.org/wiki/Flexible\\_spending\\_account](https://en.wikipedia.org/wiki/Flexible_spending_account)

A Flexible Spending Account (FSA) is simply a savings account offered by an employer to help employees put away “*Tax-free money*” for “*Qualified Medical Expenses.*”

Generally, by paying medical expenses with “*Pre-Tax money*” or “*Tax-free money,*” then if your Tax rate is 25% *you are saving 25%; just like getting a discount!* Deductions are easy, they are taken out of your paycheck by your employer.

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## FLEXIBLE SPENDING ACCOUNT (FSA) - QUALIFIED MEDICAL EXPENSES

The IRS is very strict what are considered “*Qualified Medical Expenses.*”

<http://www.hsacenter.com/what-is-an-hsa/qualified-medical-expenses>

### Qualified Medical Expenses

<http://www.hsacenter.com/what-is-an-hsa/qualified-medical-expenses>

Funds you withdraw from your HSA are tax-free when used to pay for qualified medical expenses as described in Section 213(d) of the Internal Revenue Service Tax Code. The expenses must be primarily to alleviate or prevent a physical or mental defect or illness, including dental and vision. A list of these expenses is available on the IRS website, [www.irs.gov](http://www.irs.gov) in [IRS Publication 502](#), “Medical and Dental Expenses.”

Any funds you withdraw for non-qualified medical expenses will be taxed at your income tax rate plus 20% tax penalty if you're under 65.

The following list provides examples of eligible and ineligible medical expenses. This list is not all-inclusive. Remember, the IRS may modify its list of eligible expenses from time to time. As always, consult your tax advisor should you require specific tax advice.

#### Eligible medical expenses may include:

- Acupuncture
- Alcoholism
- Ambulance
- Annual Physical Examination
- Artificial Limb
- Artificial Teeth
- Autistic
- Bandages
- Birth Control Pills
- Body Scan
- Braille Books and Magazines
- Breast Pumps and Supplies
- Breast Reconstruction Surgery
- Capital Expenses
- Car
- Chiropractor
- Christian Science Practitioner
- Contact Lenses
- Crutches
- Dental Treatment
- Diagnostic Devices
- Disabled Dependent Care Expenses
- Drug Addiction
- Drugs
- Eye Exam
- Eyeglasses
- Eye Surgery
- Fertility Enhancement
- Founder's Fee
- Guide Dog or Other Service Animal
- Health Institute
- Health Maintenance Organization (HMO)
- Hearing Aids
- Home Care
- Home Improvements
- Hospital Services
- Insurance Premiums
- Intellectually and Developmentally Disabled, Special Home for
- Laboratory Fees
- Lactation Expenses
- Lead-Based Paint Removal
- Learning Disability
- Legal Fees
- Lifetime Care—Advance Payments
- Lodging
- Long-Term Care
- Meals
- Medical Conferences
- Medical Information Plan
- Medicines
- Nursing Home
- Nursing Services
- Operations
- Optometrist
- Organ Donors
- Osteopath
- Oxygen
- Physical Examination
- Pregnancy Test Kit
- Prosthesis
- Psychiatric Care
- Psychoanalysis
- Psychologist
- Special Education
- Sterilization
- Stop-Smoking Programs
- Surgery
- Telephone
- Television
- Therapy
- Transplants
- Transportation
- Trips
- Tuition
- Vasectomy
- Vision Correction Surgery
- Weight-Loss Program
- Wheelchair
- Wig
- X-ray

#### Ineligible medical expenses may include:

- Baby Sitting, Childcare, and Nursing Services for a Normal, Healthy Baby
- Controlled Substances
- Cosmetic Surgery
- Dancing Lessons
- Diaper Service
- Electrolysis or Hair Removal
- Flexible Spending Account
- Funeral Expenses
- Future Medical Care
- Hair Treatment
- Health Club Dues
- Health Coverage Tax Credit
- Health Savings Accounts
- Household Help
- Illegal Operations and Treatments
- Insurance Premiums
- Maternity Clothes
- Medical Savings Account (MSA)
- Medicines and Drugs From Other Countries
- Nonprescription Drugs and Medicines
- Nutritional Supplements
- Personal Use Items
- Swimming Lessons
- Teeth Whitening
- Veterinary Fees
- Weight-Loss Program

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## FLEXIBLE SPENDING ACCOUNT (FSA) PLANS

### Use It or Lose It Policy

Generally, some Flexible Spending Account Plans (FSA) still have a “Use It or Lose It Policy.” This means that amounts in the account at the end of the plan year cannot be carried over to the next year. If your plan follows this rule, you should make sure to use all of your funds by the end of the plan year, which generally is the end of the calendar year.

As part of the Affordable Care Act, the IRS has changed the rules so that Flexible Spending Account Plans *may permit* an employee to carry over up to \$500 into the following year without losing the funds, but it is not required.

### Suggestions:

- Because of some FSA plans have the “Use It or Lose It Policy,” if you do not spend everything in your account, *legally the company is not responsible to pay you the balance*. Before the end of the year, spend your FSA on *Qualified Medical Expenses* to maximize your tax savings.
- FSA Store <https://fsastore.com> offers only FSA-Eligible Products for sale.
- Flexible Spending Accounts allows “Pre-funding,” which means you can spend the money in the account before it’s actually deposited. If you left a company where your Flexible Spending Account *paid all the Medical Expenses* during the year, *but your Payroll Deductions were less*, then you are not responsible to pay the company the difference. Although, the company may take it out of your final paycheck.



# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## WHY ARE UNEMPLOYMENT BENEFIT PAYMENTS TAXABLE?

Similar to Medical Insurance Benefits, Unemployment Benefits are just another *“Employee Benefit.”*

When you file for Unemployment Benefits, the state pays you from a *State Trust Fund*, which has *State Unemployment Taxes* plus *Federal Unemployment Taxes*; both paid by organizations.

Generally, most insurance proceeds or payments are not taxable. Although unemployment is an insurance paid by employers, to protect salaries, starting with the Tax Reform Act of 1986, unemployment insurance benefits became taxable as a *“Substitute for Wages.”*

According to The Tax Foundation, of the 41 states that tax wage income, 5 states completely exempt unemployment benefits from tax (California, New Jersey, Oregon, Pennsylvania, and Virginia). Two states (Indiana and Wisconsin) partially exempt a fixed dollar amount of unemployment benefits from state income tax but tax the rest, following federal practice from 1982 to 1986. The remaining states fully tax unemployment benefits.

After the end of the year, the Unemployment Benefits Beneficiary should receive Federal Form 1099-G, Certain Government Payments listing the Unemployment Compensation, Federal Income Tax Withheld, and any State Income Tax Withheld. Generally, *Severance and Vacation Pay* will be allocated to the employees last week at the organization and should be included in the W-2 issued by that organization.

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## UNEMPLOYMENT BENEFITS FOR 501(C)(3) (NON-PROFIT) EMPLOYEES

An organization that is exempt from income tax under Section 501(c)(3) (Non-profit) of the Internal Revenue Code is also exempt from Federal Unemployment Taxes (FUTA).

<https://www.irs.gov/charities-non-profits/exempt-organizations-what-are-employment-taxes>

The Federal Unemployment Tax Act, Section 3309 enables 501(c)(3) (Non-profit) organizations to opt out of the tax system and to reimburse the state for unemployment claims the state has paid out to the non-profits' former employees.

<http://www.501ctrust.org/unemployment-tax-exemption-for-501c3s-explained>

In some states, non-profit reimbursing claims is voluntary.

VA Code Ann §60.2-213 (B)(1) *only exempts* organizations operating primarily for religious purposes from reimbursing claims to the state. Generally, since these groups are not required to reimburse the state, then their employees are not eligible for Unemployment.

<https://law.lis.virginia.gov/vacode/title60.2/chapter2/section60.2-213>

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## 401(k) FINANCIAL QUESTIONS

### Question:

When I left my company, did the company stop matching funds paid into my 401(k)?

### Answer:

Yes, generally you are not eligible to receive additional Company Matching Contributions in a 401(k) plan *30 days after the Separation Date*, but what was paid is yours and remains in the account.

Generally, you are also not eligible to Contribute additional amounts to the 401(k) plan *30 days after the Separation Date*.

### Question:

Since I left my company, will my 401(k) investment fees be higher?

### Answer:

No, all plans must charge each investor the same fees for the same investments.

### Question:

If I leave my 401(k) with the company, will it still earn investment income?

### Answer:

Yes, if you leave your 401(k) with the company, it will still earn investment income.

# 2018 INDIVIDUAL INCOME TAX WORKSHOP

## CONCLUSION

*“The hardest thing in the world to understand is the income tax.”*

Albert Einstein, Physicist

<https://www.irs.gov/uac/Tax-Quotes>

Please let me know if you have any questions.

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I can *Hammer out* any Tax Problem!