



Tax & Financial Guide

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

Second Quarter Tax Estimates are due June 17, 2019. If you want us to prepare them for you, we need your income, deductions and withholding amounts in our office by June 7, 2019.

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



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Don't Miss Deductions

We had a lot of clients this year that didn't pay their real estate taxes and didn't keep records of their medical expenses and charitable donations because someone told them they couldn't itemize deductions on their 2018 tax returns.

Unfortunately, they didn't talk to us about it. We found many taxpayers were able to itemize on their Wisconsin tax returns and saved anywhere between \$54 and \$1487.

Some clients were able to get their savings. Please save your records. After we review them we can tell you if they will help on your tax return.

Wisconsin also has a tax credit up to \$300 based on the amount of real estate taxes you pay during the year. If you don't pay them by year end, you lose most or all of that credit. You can't make up the credit the next year. It is lost. Please call us for guidance.

Check Federal Withholding

In case you don't remember the three 2018 newsletters, we remind you again to check your federal withholding which was drastically reduced in 2018. That created a lot of surprise refunds or taxes due.

Your federal withholding was again reduced in January 2019. If you had too little withheld in 2018, you will be even shorter in 2019. Contact us so we can verify enough is withheld in 2019.

Lost Deductions Hurt Some

In 2018 we lost Miscellaneous deductions which included uniforms, uniform cleaning, unreimbursed employee expenses like mileage and tools, seminars, investment fees, tax preparation fees, professional membership fees,

professional licenses, etc.

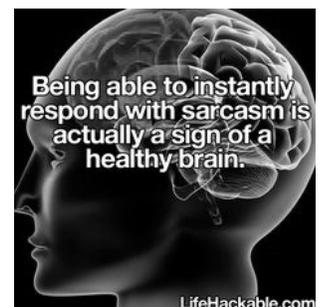
For certain taxpayers this was a big hit and cost them a lot of money. Unfortunately for most of them, they are not being reimbursed by their employers either. The new tax code for these people was not very helpful.

About Your IRA

In 2019 you can contribute \$500 more per person in your IRA and Roth IRA. That's \$6500 for those under 50 and \$7000 for those 50 and older. Check to see if this would help you.

When you turn 70 ½ you must begin taking Required Minimum Distributions (RMD), which are taxable, from your IRA account(s). You should either have withholding deducted or pay tax estimates on this income. Another option is to have these distributions paid directly to a nonprofit organization if you plan to make a charitable donation.

Because fewer taxpayers can now itemize, this is a way to make the RMD distributions less taxable. Either your investment advisor or we can help make sure you do this properly.



Murphy Financial Services, Inc.

web site is at www.murphyEA.com

If you misplace your newsletters, or your information sheets that I have given you (i.e. contributions, enrolled agents, etc.), you will be able to find them on the web site.

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

PRIVACY POLICY

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

Business Income

2018 was the beginning of Qualified Business Income deductions. The new tax code added a deduction for taxpayers with income from businesses, rental property, pass-through income, and some investment income.

People with rental property

Tax Return Timing

If you filed a tax return extension on April 15, they are now due October 15, 2019. To have your tax returns prepared without any extra fees, you must get your records to our office by June 30. I will be at the Senior Olympics June 15-June 21.

If you get your records to us in July you will be charged an extra 25% preparation fee. I will be out of the office July 4 – July 11 for an IRS tax class. If you get your records to us in August you will be charged 50% extra to get them prepared. September will bring an extra preparation fee of 75%.

We will be out of the office September 10 – 16. Kami and I will be walking another

need to keep a log of the time spent on the property, detailing what was done. For 2018, the IRS was able to accept this deduction on Form 1040. For 2019 they require an extra form. Must be another example of the ever popular paperwork reduction act!

60 miles for Breast Cancer. This is my 12th walk and Kami's 4th walk (the 2nd since her knee replacement). If you would like to help us reach our fundraising goals, go to www.the3day.org and put in our name or Titsy Chicks (the team name) to find us and donate to either of us. We appreciate any amount. It all helps and goes to a great cause.

I will be gone most of the first two weeks of October which means we really need to get all the tax returns finished by the end of September (which will also save you money because the extra October fee will be astronomical).

Don't Ignore Tax Letters

If you receive correspondence from the IRS, or state tax groups, please do not ignore them. They must be responded to by the due date. It is much easier to deal with a taxing authority with a timely response than by ignoring them or responding late. That immediately irritates them.

Let's make our lives easier and respond with what is requested by the due date. If you are like a lot of our clients that don't even open the mail, please get the letter to us immediately upon receiving.

Summer Hours

Our normal summer hours are Mondays, Wednesdays and Thursdays 9am – 5pm and by appointment (other than the dates listed previously). While I am out of the office, we will be monitoring the phone calls and emails and have someone available to get me access to anything we need. We will not leave you in the lurch.

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