

BUSINESS

2018 Corporate Tax Rate is 21% for All Income Levels.

Capital Gains Tax Rate: Same as regular tax rate.

Personal Service Corporations: Same as regular tax rate.

Fiscal Year Corporations: Blended Rate prorated based on days in 2017 and 2018.

Alternative Minimum Tax (AMT)

Repealed for tax years beginning after **December 31, 2017**.

DEPRECIATION

LUXURY VEHICLES UNDER 6,000 POUNDS

Maximum depreciation for vehicles purchased in 2018 where the additional first-year deduction does not apply:

	Light Trucks, Vans and Autos
Year placed in service	\$10,000
2nd tax year	\$16,000
3rd tax year	\$9,600
Each succeeding year	\$5,760

Maximum depreciation for vehicles purchased in 2018 where the additional first-year deduction does apply:

	Light Trucks, Vans and Autos
Year placed in service	\$18,000
2nd tax year	\$16,000
3rd tax year	\$9,600
Each succeeding year	\$5,760

Ceilings are based upon 100% business use.

Section 179

Section 179 dollar limitation is \$1,000,000, (\$2,500,000 qualifying property) for 2018 and is \$1,020,000, (\$2,550,000 qualifying property) for 2019. There is a \$25,000 limitation on sport utility vehicles for 2018 and \$25,500 for 2019. The cost of property pursuant to Section 179(d)(3), is the boot paid plus the trade-in value of the trade on any property not part of a Section 1031 exchange.

Special (Bonus) Depreciation

The allowance is 100% for qualified new and used property placed in service between September 28, 2017, and December 31, 2022. Bonus depreciation phases down 20% per year starting in 2023.

ESTATE

2018 ESTATE AND TRUST INCOME TAX RATES

Base Taxable Income	Tax on Base	Add % on Excess over Base
\$0	\$0	10%
\$2,550	\$255.00	24%
\$9,150	\$1,839.00	35%
\$12,500	\$3,011.50	37%

2019 ESTATE AND TRUST INCOME TAX RATES

Base Taxable Income	Tax on Base	Add % on Excess over Base
\$0	\$0	10%
\$2,600	\$260.00	24%
\$9,300	\$1,868.00	35%
\$12,750	\$3,075.50	37%

Unified Credit Exemption Equivalent

	Estate	Gift
2018	\$11,180,000	\$11,180,000
2019	\$11,400,000	\$11,400,000

Annual Gift Tax Exclusion for 2018 and 2019 is \$15,000.

GENERAL

Standard Mileage Deduction

Use	2018	2019
Business	\$0.545	\$0.58
Charitable	\$0.14	\$0.14
Medical/Moving	\$0.18	\$0.20

2018-2019 Per Diem Rates

High Cost Area:	Lodging	Meals	Total/Max
Jan. 1 – Sept. 30, 2018	\$216	\$68	\$284
Oct. 1, 2018 – Sept. 30, 2019	\$216	\$71	\$287

Low Cost Area:	Lodging	Meals	Total/Max
Jan. 1 – Sept. 30, 2018	\$134	\$57	\$191
Oct. 1, 2018 – Sept. 30, 2019	\$135	\$60	\$195

Health Savings Account (HSA)

	2018	2019
Family	\$6,900	\$7,000
Self	\$3,450	\$3,500

*Catch up amount for 55 and older is \$1,000

For the most updated version of this guide please view our website at:

eidebailly.com/Tax

2018-2019

POCKET TAX GUIDE



CPAs & BUSINESS ADVISORS

Rev. 1.2019

Independent member of HLB – the global advisory and accounting network.



INDIVIDUALS

2018 INDIVIDUAL INCOME TAX RATES

Regular Tax - Married Filing Joint

Base Taxable Income	Tax on Base	Add % on Excess over Base
\$0	\$0	10.00%
\$19,050	\$1,905.00	12.00%
\$77,400	\$8,907.00	22.00%
\$165,000	\$28,179.00	24.00%
\$315,000	\$64,179.00	32.00%
\$400,000	\$91,379.00	35.00%
\$600,000	\$161,379.00	37.00%

Regular Tax - Single

Base Taxable Income	Tax on Base	Add % on Excess over Base
\$0	\$0	10.00%
\$9,525	\$952.50	12.00%
\$38,700	\$4,453.50	22.00%
\$82,500	\$14,089.50	24.00%
\$157,500	\$32,089.50	32.00%
\$200,000	\$45,689.50	35.00%
\$500,000	\$150,689.50	37.00%

2019 INDIVIDUAL INCOME TAX RATES

Regular Tax - Married Filing Joint

Base Taxable Income	Tax on Base	Add % on Excess over Base
\$0	\$0	10.00%
\$19,400	\$1,940.00	12.00%
\$78,950	\$9,086.00	22.00%
\$168,400	\$28,765.00	24.00%
\$321,450	\$65,497.00	32.00%
\$408,200	\$93,257.00	35.00%
\$612,350	\$164,709.50	37.00%

Regular Tax - Single

Base Taxable Income	Tax on Base	Add % on Excess over Base
\$0	\$0	10.00%
\$9,700	\$970.00	12.00%
\$39,475	\$4,543.00	22.00%
\$84,200	\$14,382.50	24.00%
\$160,725	\$32,748.50	32.00%
\$204,100	\$46,628.50	35.00%
\$510,300	\$153,798.50	37.00%

2018 Long Term Capital Gain Rates (Including Qualified dividends)

Single		Married Filling Joint	
Tax Rate	If taxable Income is:	Tax Rate	If taxable Income is:
0%	\$0 to 38,600	0%	\$0 to 77,200
15%	\$38,601 to 425,800	15%	\$ 77,201 to 479,000
20%	\$ 425,801 or more	20%	\$ 479,001 or more

2019 Long Term Capital Gain Rates (Including Qualified dividends)

Single		Married Filling Joint	
Tax Rate	If taxable Income is:	Tax Rate	If taxable Income is:
0%	\$0 to 39,375	0%	\$0 to 78,750
15%	\$39,376 to 434,550	15%	\$ 78,751 to 488,850
20%	\$ 434,551 or more	20%	\$ 488,851 or more

Note: 25% maximum tax rate applies on unrecaptured section 1250 gains and the 3.8% tax on net investment income remains in place.

NET INVESTMENT INCOME TAX

For tax years 2018 and 2019, a tax of 3.8% shall be due on the lesser of Net Investment Income or MAGI, over \$250,000 (MFJ) or \$200,000 (single).

Standard Deduction	2018	2019
Married Filing Joint	\$24,000	\$24,400
Single	\$12,000	\$12,200
Head of Household	\$18,000	\$18,350
Married Filing Separately	\$12,000	\$12,200

Additional Blind or Elderly	2018	2019
Single & HOH	\$1,600	\$1,650
Married	\$1,300	\$1,300
Claimed as dependent of another: (has earned income, the standard deduction is the greater of this amount, or \$350 plus the earned income.)	\$1,050	\$1,100

ITEMIZED DEDUCTIONS DISALLOWED

Certain miscellaneous deductions subject to 2% AGI are not deductible for 2018 and 2019, including unreimbursed employee business expense, investment expenses and hobby loss expenses. In addition, casualty and theft loss, unless in a federal designed area are not deductible.

Itemized Deduction Phase-out	2018	2019
All Taxpayers	Suspended	Suspended

Personal Exemptions	2018	2019
Deductions for each	Suspended	Suspended

Child Tax Credit

2018 and 2019 child tax credit is \$2,000 per child under age 17 as of the end of the year. Phase out of the credit begins at MAGI of \$400,000 for joint filers and \$200,000 for all other filers. Up to \$1,400 of this is subject to refund in 2018 and 2019.

Kiddie Tax

Kiddie Tax applies to unearned income in excess of \$2,100 for 2018 and \$2,200 for 2019, and applies to a child who has not reached the age of 19 as of the end of the year or the child was a full-time student under the age of 24. For a child over age 17, the tax only applies to those whose earned income does not exceed half of their support. For 2018-2025 the taxable income of the child attributable to earned income is taxed under the rates for single individuals and the taxable income attributable to net unearned income is taxed according to the brackets applicable for trusts and estates.

Estimated Tax Payments

To avoid possible underpayment penalties, individuals are generally required to pay in through withholding or four required estimated tax payments the lesser of: 100% of prior year tax liability or 90% of current year tax liability.

However 2019 taxpayers with 2018 AGI greater than \$150,000 (\$75,000 for married filing separate) must pay the lesser of: 110% of prior year tax liability or 90% of current year tax liability.

Savings Incentive Match Plan for Employees (SIMPLE)	2018	2019
Employee Elective Contribution Limit	\$12,500	\$13,000
50 or older catch-up	+3,000	+3,000
Employer Machting Contribution	16-3% limit	16-3% limit
Employer non-elective contribution	2%	2%

Individual Limits Various Plans

Annual Compensation Limits	\$275,000	\$280,000
401(k) Contributions	\$18,500	\$19,000
Profit Sharing Plan-Corp.*	\$55,000	\$56,000
Money Purchase Plan-Corp.*	\$55,000	\$56,000
Profit Sharing Plan-SE**	\$55,000	\$56,000
Money Purchase Plan-SE**	\$55,000	\$56,000
SEP	\$55,000	\$56,000

*\$6,000 catch-up contribution allowed for individuals age 50 and older in 2018 and 2019

**Limited to 100% of compensation

Plan Deduction Limitations (2018 and 2019)

	<u>Profit Sharing</u>	<u>Money Purchase</u>
Corporate	25%	25%
Self-employed (SE)	20%	20%
SEP-Corporate	25%	N/A
SEP-SE	20%	N/A

Individual Retirement Accounts

Not a participant in another plan:

Under age 50, \$5,500 max for 2018 and \$6,000 for 2019. Also applies to non-working spouse. Over 50, \$6,500 max for 2018 and \$7,000 for 2019.

Active participant in another plan:

Married AGI		
2018	2019	Deduction
\$0-100,999	\$0-102,999	\$5,500 for 2018 and \$6,000 for 2019*
\$101,000-121,000	\$103,000-123,000	Phase-out**
\$189,000-199,000	\$193,000-199,000	Phase-out for non-active spouse/participant
Single AGI		
2018	2019	Deduction
\$0-62,999	\$0-63,999	\$5,500 for 2018 and \$6,000 for 2019*
\$63,000-73,000	\$64,000-74,000	Phase-out

*\$1,000 catch-up contribution for individuals age 50 and older for 2018 and 2019.

**Phase-out only for spouse who is active participant.

Roth IRA Eligibility

	<u>AGI 2018</u>	<u>AGI 2019</u>
Single/Head of Household	\$120,000-135,000	\$122,000-137,000
Married Filing Joint	\$189,000-199,000	\$193,000-203,000
Married Filing Separately	\$0-10,000	\$0-10,000
Rolllover of regular IRA to ROTH IRA	No Limit	No Limit

Alternative Minimum Tax (AMT) Tax Rate 2019		Single	MFJ
	26% up to:	\$97,400	\$194,800
	28% over:	\$97,400	\$194,800

Exemption	<u>2018</u>	<u>Phase-out</u>	<u>2019</u>	<u>Phase-out</u>
Single/Head	\$70,300	\$500,000	\$71,700	\$510,300
Married/Joint	\$109,400	\$1,000,000	\$111,700	\$1,020,600

SOCIAL SECURITY INFORMATION

	<u>2018</u>	<u>2019</u>
Social Security Base	\$128,400	\$132,900
Medicare Base	unlimited	unlimited
Social Security Tax Rate	6.20%	6.20%
Medicare Tax Rate*	1.45%	1.45%
Max Social Security Tax	\$7,960.80	\$8,239.80
*Additional 0.9% Medicare tax in excess \$200,000 (\$250,000 married)		

Medicare Part B Premium:

Per Month*	\$134.00*	\$135.50*
Per Year	1,608.00*	1,626.00*
Annual Earnings		
4 Quarters Coverage	\$5,280.00	\$5,440.00

*Larger premium for taxpayers with AGI above certain levels starting at \$170,001 for joint filers & \$85,001 for singles.

Maximum Annual Earned Income Limit:

Ages 62-64 (lose \$1 for \$2)	\$17,040	\$17,640
In year you reach full retirement age (lose \$1 for \$3)	\$3,780/month	\$3,910/month
Full retirement age & older	unlimited	unlimited

TAXABLE SOCIAL SECURITY BENEFITS

Social security received is taxable if AGI, plus tax-exempt interest, plus half of Social Security received exceeds these base amounts.

The taxable amount is the lesser of:

- % of the excess over the base amount
- % of benefit received

	(50%)	(85%)
Married filing joint	\$32,001 - 44,000	\$44,001+
Single/HOH	\$25,001 - 34,000	\$34,001+
Married filing separately & living w/spouse	\$0	\$0

EDUCATION CREDITS AND DEDUCTIONS

American Opportunity Tax Credit (replaces Hope Credit)—Max of \$2,500 for 2018 and 2019. Based on 100% of the first \$2,000 and 25% of the next \$2,000 on qualified tuition and course materials.

Phase-out for the American Opportunity Tax Credit is \$80,000-90,000 for single filer and \$160,000-180,000 for married filing joint in 2018 and 2019.

Lifetime Learning—\$2,000 max per year, 20% of up to \$10,000 qualified tuition for 2018 and 2019.

2018 phase-out for the Lifetime Learning Credit is \$57,000-67,000 for single/HOH filer and \$114,000-134,000 for married filing joint.

2019 phase-out for Lifetime the Learning Credit is \$58,000-68,000 for single/HOH filer and \$116,000-136,000 for married filing joint.

Qualified Higher Education Tuition Deduction— A maximum \$4,000 above the line deduction for qualified tuition available prior to 2018 has not extended as of 12.31.18.

Student Loan Interest Deduction—Deduction up to \$2,500 for 2018 and 2019. Deduction phase-out for student loan interest deduction is \$65,000-80,000 for single/head of household and \$135,000-165,000 for married filing joint for 2018, and \$70,000-85,000 and \$140,000-170,000 respectively for 2019.