Issue 13 Volume 1
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Sauppé Tax News

Brought to you by
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Special points of interest:

- TCJA Issues
- Sending Tax Documents to this Office
- Charitable Documentation

INSIDE THIS ISSUE:

Itemized Deductions Gone?

Big changes are coming in 2018 and one of the biggest is the revision to itemized deductions. Some of you were already taking the standard deduction so you will not be impacted directly by this change and can skip reading if you wish. For those of you who had itemized in previous years, it is highly possible you will NOT be itemizing for 2018 to 2025 (unless Congress changes the rules again!) due to the increase in the standard deduction. Others who still might have itemized, no longer will because of the limitation on state and local taxes (no more than $10,000 can be deducted each year), and the loss of ANY miscellaneous itemized deductions.

This office did a review of all current tax clients to see who may be impacted, and in what ways, by these changes. If your year end tax packet contains a colored sheet of paper, you MUST take the time to carefully read this article because you have additional work to get ready for the 2018 tax year.

This sheet shows what your new 2018 itemized deductions may be (based on the 2017 numbers and allowing for the known changes). Those receiving a colored sheet have potential 2018 deductions that exceed the new standard deduction amount, BUT this colored sheet does not factor in the changes to mortgage interest. You must review your loan paperwork to determine if all the interest on your 1098 forms can be deducted. Under the new law, mortgage interest is only deductible for loan proceeds used to buy, build, or substantially improve your main home or second home (no investment properties here). So if you refinanced your home (and many of us did), but did not use the new loan proceeds to improve the home, the interest is not deductible. Here is an example. You purchased your home in 2010 and took out a loan for $150,000. In 2012, you took out an equity loan for $15,000 and used it to buy a new car (or pay down credit card debt, or lots of other things besides improve your home). In the past the interest on this home equity loan was deductible up to certain limits, but no longer. Now let's further complicate things—you refinanced in 2015 and paid off the first mortgage, the equity line, and took some additional cash. For this loan, only the interest on the amount of the first mortgage that was paid off would be deductible. Again, some numbers to explain this. Your first mortgage was down to $125,000 when you took out the new loan for $175,000. Only 71.4% of the new loan's interest (125,000/175,000) would be deductible.

This office has no information to determine these issues. You will need to research your records and provide us with the needed calculations so that the correct interest deduction can be determined. If you do not provide this information, we cannot use any of the mortgage interest.

We suggest you begin working on this issue immediately as it may take some research on your part to gather this data. Contact us if you have questions.

Health Care Coverage for 2018

Lots of information and misinformation has been in the news again regarding health care coverage.

Most important to know, the health care shared responsibility payment IS still in effect for 2018. Your tax return must answer the question as to whether you had health care coverage for you and your dependents all year. This has NOT changed from 2017. Please be sure to answer the questions on our annual questionnaire regarding health coverage completely and accurately. If you did not have coverage for all 12 months of 2018, and did not qualify for one of the exemptions, you are required to pay a shared responsibility payment.

Be sure to include all 1095 forms you receive (you may get a 1095A, a 1095B, and/or a 1095C). All forms, as of this writing, are due to be mailed to you no later than January 31, 2019 but the IRS may once again allow insurance companies and employers an extension of time to send out these forms.

For 2019, there is still a shared responsibility requirement, However, the penalty amount is reduced to zero so effectively there is no penalty. Whether there will still be a question regarding health insurance on the tax form remains to be seen.

Meals and Entertainment Expenses

If you own your own business, you may be confused about the meal and entertainment expense deduction revisions due to the Tax Cuts and Job Act. Starting 1/1/18, deductions for entertainment expenses of any kind are not allowed at all. This is true whether you are self-employed, an employee, or an employer. So if you take a client to a ball game, you can no longer deduct the cost of the tickets. Meals are still allowed as a deduction in certain circumstances, so the cost of the food you purchase at the game IS probably allowed. This applies to self-employed people and employers BUT does NOT apply to employees. In the past, employees deducted their job expenses (which included meals, entertainment, dues, mileage, etc) on Form 2106 which then went to the Miscellaneous Itemized Deduction section of Schedule A. Miscellaneous Itemized Deductions are no longer allowed at all, no matter what they represent. This means employees who are not reimbursed by their employer for these expenses cannot use them to reduce their taxable income. Employees who have substantial business expenses may want to try to negotiate with their employer for reimbursement for these items. The reimbursement is not taxable to the employee, and the employer may be able to deduct the expenses on their business return.

The same principal is true for gifts to clients. Employers and self-employed people may deduct gifts to clients, but employees can no longer take a deduction for this There has always been a limit on gifts of $25 per person per year so if you give a client a gift or gifts worth more than $25, you are limited to a $25 deduction. Any other gifts during the year to that client would not be allowed at all.

Filing Delays Possible

The IRS has not stated if there will be a late start to the filing season for 2019, but the prognosticators are all saying this will probably be the case. When you look at all the changes in the tax code and the changes to the forms because of this, you can see why the IRS may not have their computers ready in mid-January to accept tax returns for filing. Rest assured we will monitor the IRS status and submit your returns as soon as the IRS is ready to process them.

Protecting your identity

Effective 9/21/18 we all have a new tool to help us protect our identity. This is the ability to freeze or unfreeze our credit at any time and *at no cost to you*.

A credit freeze does not impact your credit score but does make it harder for thieves to open credit in your name. This is because creditors like to see your credit report before they issue credit. If your account has a freeze on it, no one can see your credit report and creditors are highly unlikely to issue credit.

Of course, this can have repercussions for you if you want to enter into a new lease, get a new credit card, or apply for a mortgage. But all you have to do is call to remove the freeze temporally and then set it up again once you are have accomplished your goal.

When you set up a credit freeze you will be given a PIN. It is extremely important that you keep this PIN in a safe place as it will be needed to remove the freeze.

Also note a freeze does NOT prevent a thief from making charges on your existing credit accounts.

To initiate a credit freeze you will need to contact each of the nationwide credit bureaus

Equifax 800-685-1111 Equifax.com/personal/credit-report-services

Experian 888-397-3742 Experian.com/help

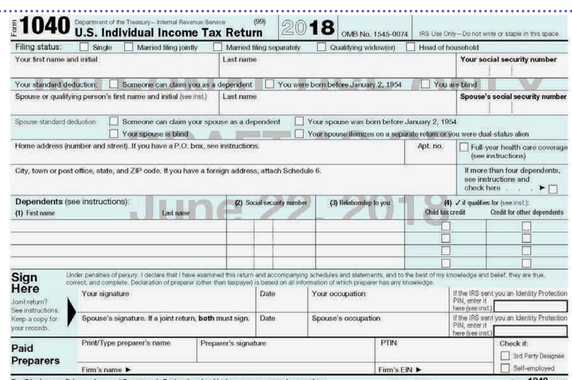
TransUnion 888-909-8872 Transunion.com/credit-help

Other Changes Due to TCJA

Most of the attention for the changes made by the Tax Cuts and Job Act (TJCA) have been directed to the increase in the standard deduction (and the corresponding changes to itemized deductions) and the reduction in the tax rates. But other changes have been made that may impact you personally. We suggest you read this article in its entirety and if you see something that you feel applies to you and you don't understand the tax implications, contact this office for clarification. NOTE—another major change is the new Qualified Business Income Deduction. This is discussed in more detail in the article on page 4.

- You can no longer take a personal exemption for you, your spouse, or any of your children. The loss of the exemption for you and your spouse may be offset by the increase in the standard deduction. The loss of the exemptions for your children may be offset by the increase in the child tax credit (from $1,000 per child to $2,000 per child). The loss of the exemptions for other dependents may be offset by the new credit of $500 for other dependents.
- Casualty and theft losses are no longer deductible unless they are attributable to a federally declared disaster area.
- Moving expenses are no longer deductible. In the past moving expenses could be deductible (and moving reimbursements from your employer could be tax free) if you met certain requirements. That is no longer the case. One exception for 2018 is allowed if the move overlapped 2017 and 2018. Members of the Armed Forces on active duty who move pursuant to a military order are not impacted by this change.
- The Alternative Minimum Tax (AMT) should impact less taxpayers starting this year due to the increased exemption amount. For single individuals the exemption increased from $54,300 to $70,300. For married couples filing jointly the amount is now $109,400 up from $84,500. What exactly does this mean? Put simply, the first $70,300 of income for singles is not taxed at all under the AMT rules. Only income over this amount is taxed at the higher AMT rate. Remember, you always pay the higher of the two taxes—regular or AMT. This change just makes it more likely that you will pay the regular tax instead of the AMT tax.
- Withdrawals from 529 plans may be used for certain elementary and secondary school costs with certain restrictions.
- Alimony payments are no longer deductible/taxable. This change actually does not take effect for 2018 but could impact the 2019 tax returns filed in 2020. Any divorce executed before 12/31/18 and not modified after that date will still use the old rules. If you are already divorced and the agreement is final as of 12/31/18, you may be able to deduct the alimony you pay to your ex-spouse and your ex-spouse must report this amount as income on his or her tax return. If you will be divorcing in 2019, you will want to look at the tax consequences because the alimony paid will no longer be deductible and the alimony received will no longer be taxable.
- Recharacterization of a Roth conversion is no longer allowed. In plain English, if you now convert money from your traditional IRA or other retirement plan such as a 401k to a Roth and you decide later that was not a good idea, you cannot undo that move. A recharacterizaton was often done when the account dropped in value because you are taxed on the amount converted but it was now worth less. This tax planning tool is no longer an option.
- Forms—your tax return may look considerably different this year because of the changes the IRS made to the tax forms. The most notable change is the size of the 1040 which has been reduced to one double sided half page. In order to reduce the form, the IRS added a number of new schedules (six to be exact) that will show detail for lines that had been on the 1040. Not everyone will have to fill out all six new schedules. Here is a rough draft of the new 1040 front and back.

Important caveat—not all states conform to the federal laws and <u>may</u> allow some of the federally disallowed items like moving expenses and casualty losses. We will review your paperwork and discuss if we feel further information is needed. Also keep in mind these changes are temporary and may expire in 2025.



Form 1040 Department of the Treasury—Internal Revenue Service (99) U.S. Individual Income Tax Return 2018 OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

INTERNAL USE ONLY DRAFT AS OF June 22, 2018

Filing status: Single / Married filing jointly / Married filing separately / Qualifying widow(er) / Head of household

Your first name and initial | Last name | Your social security number

Your standard deduction: Someone can claim you as a dependent / You were born before January 2, 1954 / You are blind

Spouse or qualifying person's first name and initial (see inst.) | Last name | Spouse's social security number

Spouse standard deduction: Someone can claim your spouse as a dependent / Your spouse was born before January 2, 1954 / Your spouse is blind / 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. | Full-year health care coverage (see instructions)

City, town or post office, state, and ZIP code. If you have a foreign address, attach Schedule 6. | If more than four dependents, see instructions and check here ▶

Dependents (see instructions): (1) First name Last name | (2) Social security number | (3) Relationship to you | (4) ✓ if qualifies for (see inst.): Child tax credit | Credit for other dependents

Sign Here — 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 complete. 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.

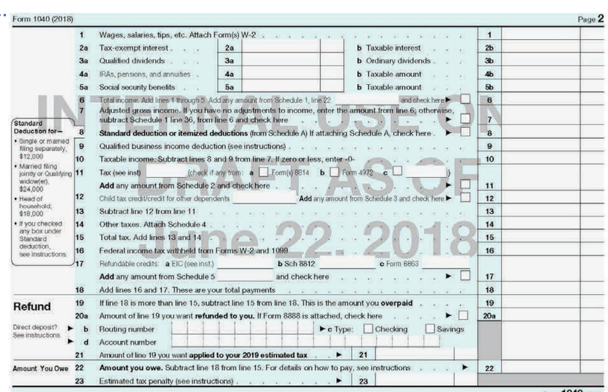
Your signature | Date | Your occupation | If the IRS sent you an Identity Protection PIN, enter it here (see inst.)

Spouse's signature. If a joint return, **both** must sign. | Date | Spouse's occupation | If the IRS sent you an Identity Protection PIN, enter it here (see inst.)

Paid Preparers — Print/Type preparer's name | Preparer's signature | PTIN | Check if: 3rd Party Designee / Self-employed

Firm's name ▶ | Firm's EIN ▶

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form 1040 (2018)



Form 1040 (2018) Page 2

INTERNAL USE ONLY DRAFT AS OF June 22, 2018

1 Wages, salaries, tips, etc. Attach Form(s) W-2 — 1

2a Tax-exempt interest — 2a — b Taxable interest — 2b

3a Qualified dividends — 3a — b Ordinary dividends — 3b

4a IRAs, pensions, and annuities — 4a — b Taxable amount — 4b

5a Social security benefits — 5a — b Taxable amount — 5b

6 Total income. Add lines 1 through 5. Add any amount from Schedule 1, line 22 and check here ▶ — 6

7 Adjusted gross income. If you have no adjustments to income, enter the amount from line 6; otherwise, subtract Schedule 1 line 36, from line 6 and check here ▶ — 7

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.

8 Standard deduction or itemized deductions (from Schedule A) If attaching Schedule A, check here ▶ — 8

9 Qualified business income deduction (see instructions) — 9

10 Taxable income. Subtract lines 8 and 9 from line 7. If zero or less, enter -0- — 10

11 Tax (see inst) (check if any from: a Form(s) 8814 b Form 4972 c) Add any amount from Schedule 2 and check here ▶ — 11

12 Child tax credit/credit for other dependents Add any amount from Schedule 3 and check here ▶ — 12

13 Subtract line 12 from line 11 — 13

14 Other taxes. Attach Schedule 4 — 14

15 Total tax. Add lines 13 and 14 — 15

16 Federal income tax withheld from Forms W-2 and 1099 — 16

17 Refundable credits: a EIC (see inst.) b Sch 8812 c Form 8863 Add any amount from Schedule 5 and check here ▶ — 17

18 Add lines 16 and 17. These are your total payments — 18

Refund

19 If line 18 is more than line 15, subtract line 15 from line 18. This is the amount you overpaid — 19

20a Amount of line 19 you want **refunded to you.** If Form 8888 is attached, check here ▶ — 20a

Direct deposit? See instructions. ▶ b Routing number ▶ c Type: Checking Savings ▶ d Account number

21 Amount of line 19 you want **applied to your 2019 estimated tax** ▶ 21

Amount You Owe 22 **Amount you owe.** Subtract line 18 from line 15. For details on how to pay, see instructions ▶ 22

23 Estimated tax penalty (see instructions) ▶ 23

Form 1040 (2018)

Qualified Business Income Deduction

Probably one of the most confusing changes made by the Tax Cuts and Job Act is the new Qualified Business Income Deduction. On the surface it seems simple. A deduction of 20% is allowed on qualified business income before the tax is calculated. But what constitutes qualified, what constitutes a business, and how is the income determined on which the 20% is allowed. As the saying goes—the devil is in the details, and the IRS has not issued a lot of the details yet.

The deduction is not allowed for C corporations. This is because C corporations have reduced tax rates under the new rules (except for the small corporations who actually saw an INCREASE in their tax rate).

There are a number of rules to meet for the qualified portion. To name a few, the income:

1. Can't be from the business of performing services as an employee
2. Can't be a specified service which is "any trade or business involved in the fields of health, law, accounting, actuarial science, performing arts, consulting, athletics, financial services, brokerage services, or any trade or business where the principal asset of such trade or business is the reputation or still of 1 or more of its employees". From IRC Section 1202(e)(3)(A). However, this limitation does not apply if the income from the business is under the thresholds mentioned in 3 below.
3. The taxpayer's income is below $315,000 for married filing jointly and $157,500 for all others. If the income is above these thresholds but below $415,000 for married filing joint and $207,500 for all others, a partial deduction may be allowed. Any business with income above those thresholds must not be a specified service business and will have to base the deduction on W2 and business assets limits.

Income is defined as domestic business activities and does not include capital gains, investment income, or income from a non-qualified annuity.

In August, the IRS stated a business is defined in Section 162 of the tax code which does NOT include any electing real property trade or business or any electing farming business. This is still as clear as mud because Section 199A which is the QBI section says all pass through entities and structures are businesses except for employees and specified service trade or businesses. Before the regulations came out, many pundits were saying rental income and farming income qualified for QBI. After the proposed regulations came out, many changed their tunes and said rental/farming did not qualify though others continue to say these fields do qualify if they meet the other issues. We will continue to monitor the situation and work on researching the correct answer to this question until the IRS issues final regulations on this area.

The deduction is limited to 20% of the business income and further limited to 20% of the household's taxable income NOT including capital gains. To put it another way, this means if the tax return shows a reduction in income (because of capital losses or itemized/standard deductions for example), that reduce the household income to *less* than the qualified business income (QBI), the 20% deduction allowed will be less than 20% of QBI. If required, there will be further limitations placed on the deduction based on W2 wages of the business and/or a business asset limitation. As you can see these calculations are not for the faint-hearted.

IMPORTANT REMINDERS

Please don't forget these important points when preparing for your 2018 tax return preparation.

1. Be sure to exercise care when completing our annual questionnaire. Your answers to the questions will direct how your return is prepared. An incorrect answer can have unintended consequences on your return.
2. Are you subject to use tax? If you made purchases from online retailers that did not charge sales tax (and you would have been charged sales tax if you bought that same item at a local store), you MUST pay use tax on this purchase. Be sure to accurately complete Question #3 on the annual questionnaire.
3. Will you be itemizing this year? See the article on page 1 as many of you may not be itemizing in 2018. If you may or think you may, you MUST have the proper documentation for all charitable donations (monetary and non-monetary) that you wish to utilize on your 2018 return. You MUST also fully complete the charitable donation recap found on page 8. You must provide complete details on all medical expenses if you believe your total out of pocket (do not include any expenses reimbursed by an FSA or HSA in this total) will exceed 7.5% of your adjusted gross income. And new this year, you MUST provide documentation to show the use of all loan proceeds from mortgages (new AND existing) to determine if all the interest reported on the 1098 is deductible.
4. Be sure to include any 1095 forms you received regarding your health insurance coverage.
5. Look at your driver's license. If it was renewed in 2018 or early 2019, be sure to send a copy of the new license as we must have this information to electronically file the return.

DUE DILIGENCE

Many of you may have heard the term due diligence but do not know how that impacts your tax return. Due diligence is the term given by the IRS to the steps tax practioners must perform when claiming any of the following credits on a tax return he or she prepares:

- The Earned Income Tax Credit (EIC)
- The Child Tax Credit (CTC)
- The Additional Child Tax Credit (ACTC)
- The Other Dependent Credit (ODC) -new for 2018 returns
- The American Opportunity Tax Credit (AOTC)
- Head of Household Status (HOH) -new for 2018 returns

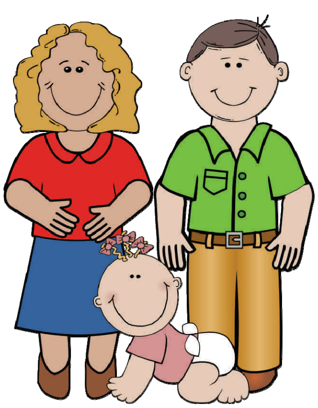
In order to comply with the due diligence standards, this office must ascertain that the taxpayer is truly entitled to these items by making reasonable inquiries that the requirements of the credit or status are met, and documenting those inquiries and responses. We must also complete Form 8867 and the appropriate due diligence worksheets, and attach same to your electronically filed tax return. The tax preparer also cannot know, or have reason to know, that any information the preparer used to determine eligibility is incorrect.

Failure to meet these standards may incur a penalty which for 2018 is $520 *per occurrence.* This could work out to a much higher fine if, for example, the taxpayer had two children entitled to the child tax credit, and one child entitled to the American Opportunity Credit. In this case, the fine could be $1,560 for that return. The penalty is imposed on the tax preparer, not on the taxpayer.

In order to ensure we have complied with the due diligence required for all the above named credits, we utilize the information provided on the annual questionnaire and our new Due Diligence Checklist. If you have clamed the EIC or HOH status in prior years, you are receiving this checklist and must complete it as well as the annual questionnaire.

If you received the checklist, keep the following points in mind as you complete it. If you are unclear how to answer a question, please contact the office before completing the form.

1. This form is used to document various credits so a NO answer does not necessarily prohibit you from taking a credit.
2. Your marital status is determined on the last day of the year. If you are legally divorced by 12/31/18, you are considered single for the year. If you lived apart from your spouse for more than six months during 2018, you may also be considered single.
3. You usually can't be a qualifying child of someone else. For example, if you and your child live with your parents all year, you could be a qualifying child of your parents which would preclude you from taking the EIC.
4. You do not need to provide this office with proof of residency for your child/children to prove they lived with you, but you MUST be able to do so if the IRS questions this credit. This may include, but is not limited to, birth certificates, social security cards, medical records, school records, social service statements, police records, etc.
5. If you are self-employed (even as a sideline business) you must report all income and expenses of the business as the credits may be based on your income.
6. You determine if a child lived with you over half the year by counting the number of nights the child slept in your home. If the child is away at college or other temporary absence, you may be able to count those nights as well. If your child slept in your home for 183 or more nights during the year, this is over 1/2 the year and you may be entitled to claim certain credits and filing status as any other person would only have 182 nights at most (365-183).



Please understand we must have accurate and complete information from you, and may need to ask additional questions, in order to meet these requirements and avoid penalties. Thank you for your understanding.

Energy Credits

Non-business energy credits (central A/C, hot water boilers, furnaces, insulation, roofs, and windows) are currently in the off again stage. As many of you know, the credit for these items has expired a number of times, but then been extended. The last time they expired was 12/31/16 but were reinstated for 2017 in February 2018. They expired again 12/31/17 and have not been renewed as of this writing but that could change anytime.

Renewable energy credits (geothermal heat pumps, small wind turbines, solar energy systems, and fuel cells) are currently eligible through 12/31/21.

As with most tax credits, there are a number of criteria that must be met in order to claim them. For example, to claim the non-business energy credit for new windows, you must obtain a certification statement from the manufacturer that the windows meet the energy requirements and you must not have used up your lifetime credit amount in previous years.

If you believe you may qualify for either of these credits, please contact our office.

Required Mimimum Distribution

Don't forget your RMD—If you reached your 70 birthday in early 2018, you may have reached your 70 1/2 birthday also. This date is important because it means you are now required to take a minimum distribution from your retirement accounts. If so, be sure to do so before 12/31/18. Failure to comply with the requirements can cause you to incur a penalty of 50% of the amount that should have been withdrawn. This includes inherited IRAs as well if they came from someone other than your spouse. Contact your financial advisor or this office if you need to discuss this further.

State Filing Requirements

State taxes seem like they should be simple when you compare it to the IRS code in all its complexity. Unfortunately many states are getting more complicated (and more aggressive in their collection tactics).

If you live and work in only one state during the year, AND you don't have any business interests in other states, you probably only have to file one state income tax return. But invest in a partnership which does business in states other than your home state, and you may have triggered a need for multiple state tax filings. Or if you are self-employed and travel to other states to conduct business, you may be required to file in those states as well. Each state has different filing threshold amounts. Some states are becoming so aggressive, that they look at any days you were present in their state doing business (i.e. you attended a business meeting in their state) as days you were a part year resident. And New York (one of the most aggressive states) maintains that a person can be considered a resident if they maintain a permanent place of abode in New York that is "suitable for living year-round" even if they earn no money in New York state.

If you believe you may have multiple state tax issues for 2018, please contact this office no later than 12/31/18 so we can discuss in detail.

In many states, you may also have to deal with the issue of multiple city tax filings. Again, call the office if you believe this may apply to you for 2018.

Sending Your Paperwork

Thanks to all of you who decided to stay with us when we moved from Ohio to Wisconsin. As all of you know the new mailing address for Sauppé Tax Service is

P O Box 245 Trempealeau, WI 54661-0245

The new phone (voice or fax) is 608-534-2122. The email address has not changed and is still admin@sauppetax.com

Most of you will be mailing your tax documents to the address shown above. Many of you were already using the US Postal Service or other mail delivery options, so this won't be a big change for you. For those who normally made an appointment or dropped your paperwork in the mail box by the front door, this will no longer be an option. You can send your tax documents by one of the following methods:

1. Use the US Postal Service—we recommend using Priority Mail so that you can track the package and confirm it was delivered.
2. Use UPS SurePost or FedEx Smart Post– both of these services start at UPS or FedEx but use the US postal service to complete the delivery process. Again you may want to look into tracking options. You must use one of these services as regular UPS and FedEx deliveries cannot deliver to a post office box.
3. Send scans of all your documents via Dropbox or Google drive. If using this method, you must be sure you send all pages of every document, send all the documents at one time (do NOT send a few pages today, some more in a few days, and the balance the following week), and be sure all the pages are legible and complete before you send them. You must include our annual questionnaire. Be sure to send us an email letting us know you are sending your documents this way. For security reasons, we *never* click on a link in an email that is from an unknown or corporate sender so don't use an email inside the cloud storage to contact us. We won't open it!
4. Use our new encrypted storage service (Verfyle). If you wish to use this service, simply send us an email and we will set you up on this end. You will then receive an email which will direct you to a Verifyle account. You will get a randomly generated password (or you can change it to one of your choosing). Once in, you can upload any files you wish and we will get an email notifying us that the files are waiting. This service is through the National Society of Accountants and uses the highest level of protection currently available. Every message, thread, and document has its own encryption key for maximum security unlike many other cloud-based storage services which use a master key to encrypt information in bulk.
5. Send your documents as attachments to an email. We do NOT recommend this method as email is unsecured and your attachments often contain sensitive personal data. It is too easy for this information to be waylaid on its way from your computer to ours.

As always, we will mail your completed returns back to you for your review. You will need to sign the 8879 form and mail back to us in the enclosed envelope. This signed form gives us permission to electronically file your return. This has not changed from what we did in previous years.

If you wish an "in person" meeting, we can do a Skype call. You simply need to contact us to arrange a time for this call.

Tax Tidbits

2018 Mileage Rate—The 2018 rate for deducting business miles is 54.5 cents per mile. The medical rate is 18.0 cents and the charitable rate is 14 cents for 2018. If you accurately complete the mileage section of our annual questionnaire, we will compute this deduction for you. The charitable rate for 2019 will remain at 14 cents per mile. The business and medical rates for 2019 were not yet available as of the date this newsletter was printed. Check our website at www.sauppetax.com for the latest info.

Useful Apps

ASL—free version gives you the basics of American Sign Language. For $9.99 you get everything the app offers.

ZocDocs —hooks you up with the appropriate doctor or specialist and even knows which doctor takes your insurance.

Xender—file sharing app

Otter-transcribes recorded conversations.

Libby– if you download books from multiple libraries, this app keeps it organized for you.

Periodic Table—interactive periodic table that features history, alchemy, podcasts, and more.

Fooducate-lets you scan barcodes at the grocery store to determine how healthy/unhealthy that item is for you.

Taxpayer Name________________________________

Charitable Donation Recap for 2018

Monetary donations

You may combine donations made to the same organization in this section. For example, if you gave three checks of $100 each to the Red Cross, you may simply list the total. In this case, since each donation was under $250, you do not need to provide any receipts from the charity and may enter NO in the last column. For method of payment, indicate check, bank debit, payroll deduction, or cash. If cash, you must include the receipt from the charity recognizing the donation. Please note that any purchase of raffle tickets from a charity does NOT represent a charitable donation. Also, if you receive something of value in return for your donation, your donation must be reduced by the fair market value of that item. The charity will normally provide you with this information.

Name of Charity	Method of Payment	Amount	Any single donation greater than $250? YES/NO
EXAMPLE: Red Cross	Checks	300.00	NO

Non-Monetary Donations

List each donation separately. In all cases, a receipt from the charity and a list of the items donated with the value assigned to each item must be included with your paperwork. For car donations, a 1098-C should also be included. If the total of all your non-monetary donations is greater than $500, you MUST complete the last three columns for all donations. A valuation guide can be found on our website at www.sauppetax.com. The value assigned to any item must be the smaller of fair market value or your basis (usually your cost). For example, if you found an item on the street and then donated it, your deduction for tax purposes would be zero because you had no basis.

Name of Charity	Date of Donation	Total Value of Items Donated	How Acquired by Donor	Date Acquired by Donor	Donor's Basis
EXAMPLE Goodwill	12/15/13	$75	Purchased**	12/5/01**	$600**

** Not needed if the total of all non-cash donations are less than $500.