

12) Business Deductions for Sole Proprietorships, S Corporations, Partnerships and, maybe, Rental Income

- Qualified Business Deduction (QBD). Generally you can deduct 20% of profit from your income.
- Standard Mileage Rates. The 2019 rate for business use of your vehicle is **58¢** a mile for the entire year. It's extremely important to have a mileage log or all deductions could be disallowed.
- No Entertainment expenses are deductible for 2019.
- Business meals and Client Prospect Meals are **50%** deductible. The expense must be ordinary and necessary. You must keep track of your business meals all year long so you have the proof you need for the deduction. Keep the receipt that shows the name of the restaurant, the name of the people at the table and a record of the reason for the meal.

13) Need a Copy of Your Tax Return?

The Internal Revenue Service charges \$50 for a complete copy of your tax return. However, Fiscal Tax retains our client returns for 10 years and is available year-round to provide **FREE** copies whenever you should need them.

IRS Warning About Email and Phone Scams

The IRS has reported many email and phone scams which claim to be from a collection agency working with the IRS. It is important that you talk to your tax professional if you are contacted before providing any information.

If you receive an **email**: Don't reply, click on any links or open any attachments.

If you receive a **phone call** from someone claiming to be from the IRS: Record their name and badge number, ask for a call back number and make a note of the caller ID if available.

Fiscal Tax Guarantees

For more than 44 years, Fiscal Tax has valued offering our customers the very best income tax preparation services in Central Indiana. We know that tax season is a stressful time for many people. Our team has been doing its homework so we can show you that tax preparation can be easy, fast and maybe even just a little bit fun!



John Striewe
Founder & President

We Guarantee Coverage - with every tax return we prepare. Whether you choose our virtual or in-person service, if we make an error on your tax return, we pay the penalties and interest.

We Guarantee Accuracy - we guarantee 100% mathematical accuracy.

We Guarantee to Save You Money - we will provide you a guaranteed maximum refund.

**Ask Us How
You Or Someone You Know
Could Qualify For An**

**XPRESS REFUND
ADVANCE LOAN***
\$6,000
UP TO

**When We File Your Taxes
Beginning In January**

*The Refund Advance is an optional tax-refund related loan provided by MetaBank (it is not the actual tax refund) at participating locations. The amount of the loan and applicable interest will be deducted from tax refunds and reduce the amount that is paid directly to the taxpayer. Fees for other optional products or product features may apply. Tax returns may be filed electronically without applying for this loan. Loans offered in amounts of \$500, \$1,000, 25%, 50%, or 75% of your expected tax refund from \$500 - \$6,000. Loans in the amounts of \$500 and \$1,000 have an Annual Percentage Rate (APR) of 0.00%. Loans in the amounts of 25%, 50% or 75% of your expected tax refund have an APR of 36.0% with a minimum loan of \$1,250. For example, \$2,500 loan representing 50% of expected refund borrowed over 25 day term, total amount payable in a single payment is \$2,561.64 including interest. Availability is subject to satisfaction of identity verification, eligibility criteria, and underwriting standards.

2019 Tax Tips

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1) IRS Urging Taxpayers W-4 Review

The Internal Revenue Service is urging taxpayers to review the taxes their employer is withholding to avoid having too much or too little withheld. Generally, for each allowance change you make, your refund will increase or decrease by \$300 to \$600. Not sure what to do? The professionals at Fiscal Tax are happy to provide a **FREE W-4 Review**.

2) Indiana Return

- Contribute to the **Indiana College Choice Plan** and receive a Tax Credit of **20%** of your contributions up to a maximum of **\$1,000**. The money can be used for grades **K - 12** as well as college.
- Don't forget, Indiana allows you to deduct the first **\$3,000** you paid in rent and the first **\$2,500** of property taxes.
- Indiana allows a **\$1,000** deduction for each child that attends a private school; parochial school; or is home schooled for grades K-12.

3) Itemized Deductions

Must exceed the standard deductions of \$24,400 for Joint returns, \$18,350 for Head of Household, and \$12,200 for Single taxpayers.

- State and Local Taxes are limited to \$10,000.
- Mortgage Interest is fully deductible, but interest on a home equity loan is only deductible if it's used for home improvements.
- Donations are fully deductible.
- Medical Expenses in excess of your adjusted gross income. **Important** - the median annual cost of an assisted living facility is \$35,000, and more than \$85,000 for nursing home care. If you, your spouse or a dependent needs this type of long-term care, you may be able to deduct these expenses and reduce your income tax liability - **possibly down to \$0**. As you might expect, the rules are complicated. We can help.

4) ROTH vs Traditional IRA: Which is Better for You?

ROTH IRAs tend to get a lot of hype, and for good reason, because you pay the taxes upfront and your eventual withdrawals are completely Tax-free.

Traditional IRAs give you a tax break now and, in many situations, will put more money in your pocket than a ROTH would.

The tradeoff is an uncertain future tax liability possibly even decades from now. Given enough time and/or a high rate of return, you may be better off with a ROTH.

5) Earned Income Credit (EIC)

In 2019 there is an increase on EIC for taxpayers with one or more qualifying children. The EIC reduces the tax you owe and gives you a refund even if you do not owe any tax. For tax year 2019, the maximum credit is:

- Three Children \$6,557
- Two Children \$5,828
- One Child \$3,526
- No Children \$529
- Indiana Credit \$571

6) Child & Dependent Tax Credit

- The tax credit is **\$2,000** per child age 16 and under, and the income phase-out is much higher with the new tax law.
- The tax credit is **\$500** for dependent children and other dependents age 17 and older.

7) Student Loans

- The deduction for Student Loan Interest can ease the burden of payments for student loans. If you pay interest on a qualified Student Loan, you are generally able to deduct the interest expense up to **\$2,500**.
- Discharged loans are generally treated as added income. However, there are now exclusions for: Death, Permanent Disability, and working for a certain period of time in specific professions.

8) Education Credits

The American Opportunity Credit can increase your refund by up to **\$2,500** per student. Also, you could qualify for a **\$1,000** refund even if you had zero income, but you cannot claim it if you could be a dependent of your parents. The tax break is allowed the year you pay the tuition even if you used a student loan to pay for it. Form 1098T is required.

9) Make the RMD from Your Traditional IRA Tax-Free

- The tax code allows you to donate directly from your IRA account up to **\$100,000** per year in **Qualified Charitable Distributions (QCDs)**.
- The QCD donated money escapes Federal income taxes and will also lower your Indiana and county taxes by over 5% of the contributed amount.
- **Double-Dip**. You get a double-dip when you don't itemize deductions. The non-itemizing taxpayer creates a deduction where none existed before.
- Other benefits may include: Lower Medicare premiums and lower tax on your Social Security benefits.

10) Other Important Tax Information

- There is a \$250 deduction for teachers who spend their own money for classroom supplies.
- The \$4,150 personal exemption deduction has been eliminated and replaced with higher standard deductions.

11) IRS and/or State Notices

If you receive a notice from the IRS or the State, don't assume that it is correct and automatically pay it. Many notices just require you to give additional information to show why you do not owe additional taxes or penalties. Always call Fiscal Tax when you receive tax notices.