KLEIN
WEALTH MANAGEMENT
Est. 1983

The Good, The Bad, The Ugly of New Tax Laws and Your Money

Lori Klein Quinn
CPA/PFS, CGMA, MS, CFP, CFS

Wednesday, January 16, 2019

A. Welcome

B. History of Income Tax

1894 – Wilson Gorman Tariff imposed 2% income tax
1895 – Struck down by Supreme Court
1913 – Revenue Act – Oscar Underwood re-imposed the income tax and lowered tariffs
Signed by Woodrow Wilson
16th Amendment of the Constitution

C. Tax Cut & Job Act of 2017 (TCJA)
All Corporate changes are permanent and most individual changes are temporary, expiring 12-31-2025
Permanent – Inflation, Healthcare Mandate, Alimony, Discharge of Student Loans

D. Individual Provisions
1. Rates
2. Standard Deduction
3. Itemization Changes
   a. Medical
   b. Taxes
   c. Interest
   d. Contributions
   e. Misc.
4. AMT
5. Child Credit
6. Healthcare Taxes, HSA Limits
7. Gambling Loss Limitation
8. Capital Gains & Dividend Income
9. **2018** Mileage Rate

2018		2019	
.54.5 ¢	Business	.58¢	Business
.18 ¢	Medical & Moving	.20¢	Medical & Moving
.14 ¢	Charities	.14¢	Charities

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E. Corporate & Business Provisions
   1. Tax Rate - C Corps 35 to 21% flat rate, PSC
   2. No Alt minimum tax to corporations
   3. Interest expense
      - Limited to 30% of Adj. taxable Income
      - Small Business = Gross Receipts of 25 million or less
   4. NOL
   5. Like Kind Exchanges
   6. Entertainment
   7. Code Section 199A – Qualified Business Income
   8. Loss Limitations Other Than Corporations
      Excess Business loss = limited to $25,000 single, $500,000 joint
   9. Bonus Depreciation and §179
   10. Cost Segregation Ref: CCSI Josh Shipman 512-921-5724

F. Estate, Gifts & Trusts
   1. Income Tax Rate Trusts
   2. Estate & Gift Taxes

G. Compensation & Benefits
   1. Cannot re-characterize ROTH conversions
   2. Be careful of Aggregate Rules on "Back Door" Roth IRA contributions
   3. 529 Plans – Expanded to Elementary & Secondary School expenses up to $10,000 per year per student
   4. Only approved tangible personal property given to employee as Award – No cash, gift cards, coupons, trips, etc..
   5. QSEHRA

H. QUESTIONS ???

Thank You For Coming !

TO BE FILLED IN BY COLLECTOR.

List. No. ....

.... *District of* ....

Date received ....

Form 1040.

INCOME TAX.

THE PENALTY
FOR FAILURE TO HAVE THIS RETURN IN THE HANDS OF THE COLLECTOR OF INTERNAL REVENUE ON OR BEFORE MARCH 1 IS $20 TO $1,000.
(SEE INSTRUCTIONS ON PAGE 4.)

TO BE FILLED IN BY INTERNAL REVENUE BUREAU.

File No. ....

Assessment List ....

Page .... *Line* ....

UNITED STATES INTERNAL REVENUE.

RETURN OF ANNUAL NET INCOME OF INDIVIDUALS.

(As provided by Act of Congress, approved October 3, 1913.)

RETURN OF NET INCOME RECEIVED OR ACCRUED DURING THE YEAR ENDED DECEMBER 31, 191 ....
(FOR THE YEAR 1913, FROM MARCH 1, TO DECEMBER 31.)

Filed by (or for) .... *of* ....
(Full name of individual.) (Street and No.)

in the City, Town, or Post Office of .... *State of* ....
(Fill in pages 2 and 3 before making entries below.)

1. Gross Income (see page 2, line 12)					$			
2. General Deductions (see page 3, line 7)					$			
3. Net Income					$			
Deductions and exemptions allowed in computing income subject to the normal tax of 1 per cent.								
4. Dividends and net earnings received or accrued, of corporations, etc., subject to like tax. (See page 2, line 11)	$							
5. Amount of income on which the normal tax has been deducted and withheld at the source. (See page 2, line 9, column A)								
6. Specific exemption of $3,000 or $4,000, as the case may be. (See Instructions 3 and 19)								
Total deductions and exemptions. (Items 4, 5, and 6)					$			
7. Taxable Income on which the normal tax of 1 per cent is to be calculated. (See Instruction 3) .					$			

8. When the net income shown above on line 3 exceeds $20,000, the additional tax thereon must be calculated as per schedule below:

	INCOME.				TAX.			
1 per cent on amount over $20,000 and not exceeding $50,000 . .	$				$			
2 " " 50,000 " " 75,000 . .								
3 " " 75,000 " " 100,000 . .								
4 " " 100,000 " " 250,000 . .								
5 " " 250,000 " " 500,000 . .								
6 " " 500,000								
Total additional or super tax					$			
Total normal tax (1 per cent of amount entered on line 7) . .					$			
Total tax liability					$			

GROSS INCOME.

This statement must show in the proper spaces the entire amount of gains, profits, and income received by or accrued to the individual from all sources during the year specified on page 1.

DESCRIPTION OF INCOME.	A. Amount of income on which tax has been deducted and withheld at the source.	B. Amount of income on which tax has NOT been deducted and withheld at the source.
1. Total amount derived from salaries, wages, or compensation for personal service of whatever kind and in whatever form paid	$	$
2. Total amount derived from professions, vocations, businesses, trade, commerce, or sales or dealings in property, whether real or personal, growing out of the ownership or use of interest in real or personal property, including bonds, stocks, etc.		
3. Total amount derived from rents and from interest on notes, mortgages, and securities (other than reported on lines 5 and 6)		
4. Total amount of gains and profits derived from partnership business, whether the same be divided and distributed or not		
5. Total amount of fixed and determinable annual gains, profits, and income derived from interest upon bonds and mortgages or deeds of trust, or other similar obligations of corporations, joint-stock companies or associations, and insurance companies, whether payable annually or at shorter or longer periods		
6. Total amount of income derived from coupons, checks, or bills of exchange for or in payment of interest upon bonds issued in *foreign countries* and upon *foreign mortgages* or like obligations (not payable in the United States), and also from coupons, checks, or bills of exchange for or in payment of any dividends upon the stock or interest upon the obligations of foreign corporations, associations, and insurance companies engaged in business in foreign countries		
7. Total amount of income received from fiduciaries		
8. Total amount of income derived from any source whatever, not specified or entered elsewhere on this page		
9. TOTALS		

NOTES.—Enter total of Column A on line 5 of first page.

10. AGGREGATE TOTALS OF COLUMNS A AND B	$
11. Total amount of income derived from dividends on the stock or from the net earnings of corporations, joint-stock companies, associations, or insurance companies subject to like tax (To be entered on line 4 of first page.)	$
12. TOTAL "Gross Income" (to be entered on line 1 of first page)	$

GENERAL DEDUCTIONS.

1. The amount of necessary expenses actually paid in carrying on business, but not including business expenses of partnerships, and not including personal, living, or family expenses .	$			
2. All interest paid within the year on personal indebtedness of taxpayer				
3. All national, State, county, school, and municipal taxes paid within the year (not including those assessed against local benefits)				
4. Losses actually sustained during the year incurred in trade or arising from fires, storms, or shipwreck, and not compensated for by insurance or otherwise				
5. Debts due which have been actually ascertained to be worthless and which have been charged off within the year				
6. Amount representing a reasonable allowance for the exhaustion, wear, and tear of property arising out of its use or employment in the business, not to exceed, in the case of mines, 5 per cent of the gross value at the mine of the output for the year for which the computation is made, but no deduction shall be made for any amount of expense of restoring property or making good the exhaustion thereof, for which an allowance is or has been made . . .				
7. Total "GENERAL DEDUCTIONS" (to be entered on line 2 of first page)				

AFFIDAVIT TO BE EXECUTED BY INDIVIDUAL MAKING HIS OWN RETURN.

I solemnly swear (or affirm) that the foregoing return, to the best of my knowledge and belief, contains a true and complete statement of all gains, profits, and income received by or accrued to me during the year for which the return is made, and that I am entitled to all the deductions and exemptions entered or claimed therein, under the Federal Income-tax Law of October 3, 1913.

Sworn to and subscribed before me this ....

day of .... , 191

....
(Signature of individual.)

SEAL OF OFFICER TAKING AFFIDAVIT.

....

....
(Official capacity.)

AFFIDAVIT TO BE EXECUTED BY DULY AUTHORIZED AGENT MAKING RETURN FOR INDIVIDUAL.

I solemnly swear (or affirm) that I have sufficient knowledge of the affairs and property of .... to enable me to make a full and complete return thereof, and that the foregoing return, to the best of my knowledge and belief, contains a true and complete statement of all gains, profits, and income received by or accrued to said individual during the year for which the return is made, and that the said individual is entitled, under the Federal Income-tax Law of October 3, 1913, to all the deductions and exemptions entered or claimed therein.

Sworn to and subscribed before me this ....

....
(Signature of agent.)

day of .... , 191

ADDRESS IN FULL ....

....

SEAL OF OFFICER TAKING AFFIDAVIT.

....

....
(Official capacity.)

[SEE INSTRUCTIONS ON BACK OF THIS PAGE.]

INSTRUCTIONS.

1. This return shall be made by every citizen of the United States, whether residing at home or abroad, and by every person residing in the United States, though not a citizen thereof, having a *net income* of $3,000 or over for the taxable year, and *also* by every *nonresident alien* deriving income from property owned and business, trade, or profession carried on *in the United States* by him.

2. When an individual by reason of minority, sickness or other disability, or absence from the United States, is unable to make his own return, it may be made for him by his *duly authorized* representative.

3. The *normal tax* of 1 per cent shall be assessed on the total net income less the specific exemption of $3,000 or $4,000 as the case may be. (For the year 1913, the specific exemption allowable is $2,500 or $3,333.33, as the case may be.) If, however, the normal tax has been deducted and withheld on any part of the income at the source, or if any part of the income is received as dividends upon the stock or from the net earnings of any corporation, etc., which is taxable upon its net income, such income shall be deducted from the individual's total *net income* for the purpose of calculating the amount of income on which the individual is liable for the normal tax of 1 per cent by virtue of this return. (See page 1, line 7.)

4. The *additional or super tax* shall be calculated as stated on page 1.

5. This return shall be filed with the Collector of Internal Revenue for the district in which the individual resides if he has no other place of business, otherwise in the district in which he has his *principal place of business;* or in case the person resides in a foreign country, then with the collector for the district in which his principal business is carried on in the United States.

6. This return must be filed on or before the first day of March succeeding the close of the calendar year for which return is made.

7. The *penalty for failure to file the return within the time specified by law* is $20 to $1,000. In case of refusal or neglect to render the return within the required time (except in cases of sickness or absence), 50 per cent shall be added to amount of tax assessed. In case of *false or fraudulent return,* 100 per cent shall be added to such tax, and any person required by law to make, render, sign, or verify any return who makes any false or fraudulent return or statement with intent to defeat or evade the assessment required by this section to be made shall be guilty of a misdemeanor, and shall be fined not exceeding $2,000 or be imprisoned not exceeding one year, or both, at the discretion of the court, with the costs of prosecution.

8. When the return is not filed within the required time by reason of sickness or absence of the individual, an extension of time, not exceeding 30 days from March 1, within which to file such return, *may be* granted by the collector, *provided* an application therefor is made by the individual within the period for which such extension is desired.

9. This return properly filled out must be made under oath or affirmation. Affidavits may be made before any officer *authorized by law* to administer oaths. If before a justice of the peace or magistrate; not using a seal, a *certificate of the clerk of the court as to the authority* of such officer to administer oaths should be *attached to the return.*

10. Expense for medical attendance, store accounts, family supplies, wages of domestic servants, cost of board, room, or house rent for family or personal use, *are not expenses that can be deducted from gross income.* In case an individual owns his own residence he can not deduct the estimated value of his rent, neither shall he be required to include such estimated rental of his home as income.

11. The farmer, in computing the net income from his farm for his annual return, shall include all moneys received for produce and animals sold, and for the wool and hides of animals slaughtered, provided such wool and hides are sold, and he shall deduct therefrom the sums actually paid as purchase money for the animals sold or slaughtered during the year.

When animals were raised by the owner and are sold or slaughtered he shall not deduct their value as expenses or loss. He may deduct the amount of money actually paid as expense for producing any farm products, live stock, etc. In deducting expenses for repairs on farm property the amount deducted must not exceed the amount actually expended for such repairs during the year for which the return is made. (See page 3, item 6.) The cost of replacing tools or machinery is a deductible expense to the extent that the cost of the new articles does not exceed the value of the old.

12. In calculating losses, only such losses as shall have been actually sustained and the amount of which has been definitely ascertained during the year covered by the return can be deducted.

13. Persons receiving fees or emoluments for professional or other services, as in the case of physicians or lawyers, should include all actual receipts for services rendered in the year for which return is made, together with all unpaid accounts, charges for services, or contingent income due for that year, if good and collectible.

14. Debts which were contracted during the year for which return is made, but found in said year to be worthless, may be deducted from gross income for said year, but such debts can not be regarded as worthless until after legal proceedings to recover the same have proved fruitless, or it clearly appears that the debtor is insolvent. If debts contracted prior to the year for which return is made were included as income in return for year in which said debts were contracted, and such debts shall subsequently prove to be worthless, they may be deducted under the head of losses in the return for the year in which such debts were charged off as worthless.

15. Amounts due or accrued to the individual members of a partnership from the net earnings of the partnership, whether apportioned and distributed or not, shall be included in the annual return of the individual.

16. United States pensions shall be included as income.

17. Estimated advance in value of real estate is not required to be reported as income, unless the increased value is taken up on the books of the individual as an increase of assets.

18. Costs of suits and other legal proceedings arising from ordinary business may be treated as an expense of such business, and may be deducted from gross income for the year in which such costs were paid.

19. An unmarried individual or a married individual not living with wife or husband shall be allowed an exemption of $3,000. When husband and wife live together they shall be allowed jointly a total exemption of only $4,000 on their aggregate income. They may make a joint return, both subscribing thereto, or if they have separate incomes, they may make separate returns; but in no case shall they jointly claim more than $4,000 exemption on their aggregate income.

20. In computing net income there shall be excluded the compensation of all officers and employees of a State or any political subdivision thereof, except when such compensation is paid by the United States Government.

As the end of the year approaches, it is a good time to think of planning moves that will help lower your tax bill for this year and possibly the next. AFTER READING THIS, IF YOU WOULD LIKE A CONFERENCE (PHONE OR IN PERSON) TO DISCUSS YOUR TAX SITUATION, PLEASE CALL OUR OFFICE.

Year-end planning for 2018 takes place against the backdrop of a new tax law-the Tax Cuts and Jobs Act-that make major changes in the tax rules for individuals and businesses. For individuals, there are new, lower income tax rates, a substantially increased standard deduction, severely limited itemized deductions and no personal exemptions, an increased child tax credit, and a watered-down alternative minimum tax (AMT), among many other changes. For businesses, the corporate tax rate is cut to 21%, the corporate AMT is gone, there are new limits on business interest deductions, and significantly liberalized expensing and depreciation rules. And there's a new deduction for non-corporate taxpayers with qualified business income from pass-through entities.

We have compiled a checklist of actions based on current tax rules that may help you save tax dollars if you act before year-end. Not all actions will apply in your particular situation, but you (or a family member) will likely benefit from many of them. We can narrow down the specific actions that you can take once we meet with you to tailor a particular plan. In the meantime, please review the following list and contact us at your earliest convenience so that we can advise you on which tax-saving moves to make:

Year- End Tax Planning Moves for Individuals

- Beginning in 2018, many taxpayers who claimed itemized deductions year after year will no longer be able to do so. That's because the basic standard deduction has been increased (to $24,000 for joint filers, $12,000 for singles, $18,000 for heads of household, and $12,000 for marrieds filing separately), and many itemized deductions have been cut back or abolished. No more than $10,000 of state and local taxes may be deducted; miscellaneous itemized deductions (e.g., tax preparation fees) and unreimbursed employee expenses are no longer deductible; and personal casualty and theft losses are deductible only if they're attributable to a federally declared disaster and only to the extent the $100-per-casualty and 10%-of-AGI limits are met. You can still itemize medical expenses to the extent they exceed 7.5% of your adjusted gross income, state and local taxes up to $10,000, your charitable contributions, plus interest deductions on a restricted amount of qualifying residence debt, but payments of those items won't save taxes if they don't cumulatively exceed the new, higher standard deduction.

- Postpone income until 2019 and accelerate deductions into 2018 if doing so will enable you to claim larger deductions, credits, and other tax breaks for 2018 that are phased out over varying levels of adjusted gross income (AGI). These include deductible IRA contributions, child tax credits, higher education tax credits, and deductions for student loan interest. Postponing income also is desirable for those taxpayers who anticipate being in a lower tax bracket next year due to changed financial circumstances. Note, however, that in some cases, it may pay to actually accelerate income into 2018. For example, that may be the case where a person will have a more favorable filing status this year than next (e.g., head of household versus individual filing status), or expects to be in a higher tax bracket next year.

- Long-term capital gain from sales of assets held for over one year is taxed at 0%, 15% or 20%, depending on the taxpayer's taxable income. The 0% rate generally applies to the excess of long-term capital gain over any short-term capital loss to the extent that it, when added to regular taxable income, is not more than the "maximum zero rate amount" (e.g., $77,200 for a married couple). If the 0% rate applies to long-term capital gains you took earlier this year-for example, you are a joint filer who made a profit of $5,000 on the sale of stock bought in 2009, and other taxable income for 2018 is

$70,000-then before year-end, try not to sell assets yielding a capital loss because the first $5,000 of such losses won't yield a benefit this year. And if you hold long-term appreciated-in-value assets, consider selling enough of them to generate long-term capital gains sheltered by the 0% rate.

- If you believe a Roth IRA is better than a traditional IRA, consider converting traditional-IRA money invested in beaten-down stocks (or mutual funds) into a Roth IRA if eligible to do so. Keep in mind, however, that such a conversion will increase your AGI for 2018, and possibly reduce tax breaks geared to AGI (or modified AGI).

- Higher-income earners must be wary of the 3.8% surtax on certain unearned income. The surtax is 3.8% of the lesser of: (1) net investment income (NII), or (2) the excess of modified adjusted gross income (MAGI) over a threshold amount ($250,000 for joint filers or surviving spouses, $125,000 for a married individual filing a separate return, and $200,000 in any other case). As year-end nears, a taxpayer's approach to minimizing or eliminating the 3.8% surtax will depend on his estimated MAGI and NII for the year. Some taxpayers should consider ways to minimize (e.g., through deferral) additional NII for the balance of the year, others should try to see if they can reduce MAGI other than NII, and other individuals will need to consider ways to minimize both NII and other types of MAGI.

- The 0.9% additional Medicare tax also may require higher-income earners to take year-end actions. It applies to individuals for whom the sum of their wages received with respect to employment and their self-employment income is in excess of an unindexed threshold amount ($250,000 for joint filers, $125,000 for married couples filing separately, and $200,000 in any other case). Employers must withhold the additional Medicare tax from wages in excess of $200,000 regardless of filing status or other income. Self-employed persons must take it into account in figuring estimated tax. There could be situations where an employee may need to have more withheld toward the end of the year to cover the tax. For example, if an individual earns $200,000 from one employer during the first half of the year and a like amount from another employer during the balance of the year, he or she would owe the additional Medicare tax, but there would be no withholding by either employer for the additional Medicare tax since wages from each employer don't exceed $200,000.

- If a taxpayer knows he or she will be able to itemize deductions this year but not next year, the taxpayer may be able to make two years' worth of charitable contributions this year, instead of spreading out donations over 2018 and 2019.

- Take required minimum distributions (RMDs) from your IRA or 401(k) plan (or other employer-sponsored retirement plan). RMDs from IRAs must begin by April 1 of the year following the year you reach age 70-½. (That start date also applies to company plans, but non-5% company owners who continue working may defer RMDs until April 1 following the year they retire.) Failure to take a required withdrawal can result in a penalty of 50% of the amount of the RMD not withdrawn. Thus, if you turn age 70-½ in 2018, you can delay the first required distribution to 2019, but if you do, you will have to take a double distribution in 2019-the amount required for 2018 plus the amount required for 2019. Think twice before delaying 2018 distributions to 2019, as bunching income into 2019 might push you into a higher tax bracket or have a detrimental impact on various income tax deductions that are reduced at higher income levels. However, it could be beneficial to take both distributions in 2019 if you will be in a substantially lower bracket that year.

- If you are age 70-½ or older by the end of 2018, have traditional IRAs, and particularly if you can't itemize your deductions, consider making 2018 charitable donations via qualified charitable distributions from your IRAs. Such distributions are made directly to charities from your IRAs, and the amount of the contribution is neither included in your gross income nor deductible on Schedule A, Form 1040. But the amount of the qualified charitable distribution reduces the amount of your required minimum distribution, resulting in tax savings.

- If you become eligible in December of 2018 to make health savings account (HSA) contributions, you can make a full year's worth of deductible HSA contributions for 2018.

- Make gifts sheltered by the annual gift tax exclusion before the end of the year and thereby save gift and estate taxes. The exclusion applies to gifts of up to $15,000 made in 2018 to each of an unlimited number of individuals. You can't carry over unused exclusions from one year to the next. Such transfers may save family income taxes where income-earning property is given to family members in lower income tax brackets who are not subject to the kiddie tax.

- If you were in an area affected by Hurricane Florence or any other federally declared disaster area, and you suffered uninsured or unreimbursed disaster-related losses, keep in mind you can choose to claim them on either the return for the year the loss occurred (in this instance, the 2018 return normally filed next year), or the return for the prior year (2017). If you were in an area affected by Hurricane Florence or any other federally declared disaster area, you may want to settle an insurance or damage claim in order to maximize your casualty loss deduction this year.

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<u>**Year- End Tax- Planning Moves for Businesses & Business Owners**</u>

For tax years beginning after 2017, taxpayers other than corporations may be entitled to a deduction of up to 20% of their qualified business income. For 2018, if taxable income exceeds $315,000 for a married couple filing jointly, or $157,500 for all other taxpayers, the deduction may be limited based on whether the taxpayer is engaged in a service-type trade or business (such as law, accounting, health, or consulting), the amount of W-2 wages paid by the trade or business, and/or the unadjusted basis of qualified property (such as machinery and equipment) held by the trade or business. The limitations are phased in for joint filers with taxable income between $315,000 and $415,000 and for all other taxpayers with taxable income between $157,500 and $207,500.

- Taxpayers may be able to achieve significant savings by deferring income or accelerating deductions so as to come under the dollar thresholds (or be subject to a smaller phase out of the deduction) for 2018. Depending on their business model, taxpayers also may be able increase the new deduction by increasing W-2 wages before year-end. The rules are quite complex, so don't make a move in this area without consulting your tax adviser.

- More "small businesses" are able to use the cash (as opposed to accrual) method of accounting in 2018 and later years than were allowed to do so in earlier years. To qualify as a "small business" a taxpayer must, among other things, satisfy a gross receipts test. Effective for tax years beginning after Dec. 31, 2017, the gross-receipts test is satisfied if, during a three-year testing period, average annual gross receipts don't exceed $25 million (the dollar amount used to be $5 million). Cash method taxpayers may find it a lot easier to shift income, for example by holding off billings till next year or by accelerating expenses, for example, paying bills early or by making certain prepayments.

- Businesses should consider making expenditures that qualify for the liberalized business property expensing option. For tax years beginning in 2018, the expensing limit is $1,000,000, and the investment ceiling limit is $2,500,000. Expensing is generally available for most depreciable property (other than buildings), and off-the-shelf computer software. For property placed in service in tax years beginning after Dec. 31, 2017, expensing also is available for qualified improvement property (generally, any interior improvement to a building's interior, but not for enlargement of a building, elevators or escalators, or the internal structural framework), for roofs, and for HVAC, fire protection, alarm, and security systems. The generous dollar ceilings that apply this year mean that many small and medium sized businesses that make timely purchases will be able to currently deduct most if not all their outlays for machinery and equipment. What's more, the expensing deduction is not prorated for the time that the asset is in service during the year. The fact that the expensing deduction may be claimed in full (if you are otherwise eligible to take it) regardless of how long the property is held during the year can be a potent tool for year-end tax planning. Thus, property acquired and placed in service in the last days of 2018, rather than at the beginning of 2019, can result in a full expensing deduction for 2018.

- Businesses also can claim a 100% bonus first year depreciation deduction for machinery and equipment-bought used (with some exceptions) or new-if purchased and placed in service this year. The 100% write off is permitted without any proration based on the length of time that an asset is in service during the tax year. As a result, the 100% bonus first-year write off is available even if qualifying assets are in service for only a few days in 2018.

- Businesses may be able to take advantage of the de minimis safe harbor election (also known as the book-tax conformity election) to expense the costs of lower-cost assets and materials and supplies, assuming the costs don't have to be capitalized under the Code Sec. 263A uniform capitalization (UNICAP) rules. To qualify for the election, the cost of a unit of property can't exceed $5,000 if the taxpayer has an applicable financial statement (AFS; e.g., a certified audited financial statement along with an independent CPA's report). If there's no AFS, the cost of a unit of property can't exceed $2,500. Where the UNICAP rules aren't an issue, consider purchasing such qualifying items before the end of 2018.

- A corporation (other than a "large" corporation) that anticipates a small net operating loss (NOL) for 2018 (and substantial net income in 2019) may find it worthwhile to accelerate just enough of its 2019 income (or to defer just enough of its 2018 deductions) to create a small amount of net income for 2018. This will permit the corporation to base its 2019 estimated tax installments on the relatively small amount of income shown on its 2018 return, rather than having to pay estimated taxes based on 100% of its much larger 2019 taxable income.
- To reduce 2018 taxable income, consider deferring a debt-cancellation event until 2019.
- To reduce 2018 taxable income, consider disposing of a passive activity in 2018 if doing so will allow you to deduct suspended passive activity losses.

These are just some of the year-end steps that can be taken to save taxes. Again, by contacting us, we can tailor a particular plan that will work best for you.

Very truly yours,

Lori Klein

CPA/PFS, CGMA MS, CFP®, CFS

Klein Wealth Management 281.370.0300

L. Klein and Company, P.C.

IRS Sets 2018 HSA Contribution Limits

Health Savings account caps rise $50 for self-only plans, $150 for family coverage

The amount that individuals may contribute annually to their health savings accounts (HSAs) for self-only coverage will rise by $50 next year. For HSAs linked to family coverage, the contribution cap will rise by $150.

In Revenue Procedure 2017-37, issued May 4, the IRS provided the inflation-adjusted HSA contribution limits effective for calendar year 2018, along with minimum deductible and maximum out-of-pocket expenses for the high-deductible health plans (HDHPs) that HSAs must be coupled with.

2018 vs. 2017 HSA Contribution Limits

Contribution and Out-of-Pocket Limits for Health Savings Accounts and High-Deductible Health Plans

	2019	2018	2017	Change
HSA contribution limit (employer + employee)	3,500 7,000	Self-only: $3,450 Family: $6,900	Self-only: $3,400 Family: $6,750	Self-only: +$50 Family: +$150
HSA catch-up contributions (age 55 or older)*	1,000	$1,000	$1,000	No change**
HDHP minimum deductibles	1,350 2,700	Self-only: $1,350 Family: $2,700	Self-only: $1,300 Family: $2,600	Self-only: +$50 Family: +$100
HDHP maximum out-of-pocket amounts (deductibles, co-payments and other amounts, but not premiums)	6,750 13,500	Self-only: $6,650 Family: $13,300	Self-only: $6,550 Family: $13,100	Self-only: +$100 Family: +$200

* Catch-up contributions can be made during the year by HSA-eligible participants who will turn 55 by year-end.

** Unlike other limits, the HSA catch-up contribution amount is not indexed; any increase would require statutory change.

Contribution and Out-of-Pocket Limits for Health Savings Accounts and High-Deductible Health Plans			
	2018	2017	Change

Contributions for a given year may be made until the individual's federal tax return due date for that year, without extensions, in which case the HSA administrator must indicate that post-yearend contributions are attributed to the prior calendar year.

Shrm.org

CONTRACT LABOR VS. EMPLOYEES

To classify workers, IRS uses three tests, each made up of multiple factors.

1. The Behavioral test focuses on whether the company controls or has the right to control what the worker does and how to do the job. Key factors for employee status include instructions about performing the work, evaluation criteria and training.
2. The Financial test looks at who controls the economics of the worker's job. Being able to work for multiple firms and providing your own tools needed for the job are indicative of independent contractor status. Some factors favoring employee status are eligibility for reimbursement of travel costs and payment based on hours worked.
3. The Type-of-relationship test examines how the parties perceive each other. Providing paid vacation and retirement benefits indicates a worker is an employee, as does hiring to provide services indefinitely rather than for a specific time period. Written language stating the worker is an independent contractor isn't determinative.

2018

Non Charitable gifting limit is $15,000 not $14,000 like it was in 2017

2019

$15,000

Compliments of:

L. Klein and Company, P.C.
www.kleinwealthmgmt.com
(281) 370-0300

Income Taxes 2018

Every taxpayer is entitled to a standard deduction (*$12,000 if single, $24,000 if filing jointly*). At the minimum, a **single person** does not pay taxes on the first $12,000 of gross taxable income, a married couple filing jointly on the first $24,000. For **example**, taxpayer has **$100,000 of wages for 2018**. If taxpayer is single and under age 65, is not self-employed, does not itemize deductions, and cannot take any tax credits, taxable income will be $88,000, and **tax liability will be $15,890.** Taxpayer's Social Security (6.2%) and Medicare (1.45%) will add an *additional* $7,650 to the tax bill. **Income goes from $100,000 (gross) down to $76,460 (net—*after taxes, SS, and Medicare*).**

2018 Income Tax Rates [Single]

If Taxable Income Is		The Gross Tax Payable Is		
Over	**But Not >**	**Pay**	**Plus**	**Of Amount >**
$0	$9,525	$0	10%	$0
9,525	38,700	953	12	9,525
38,700	82,500	4,454	22	38,700
82,500	157,500	14,090	24	82,500
157,500	200,000	32,090	32	157,500
200,000	500,000	45,690	35	200,000
500,000+	--	150,690	37	500,000

*Note: All "pay" figures come from taxes.about.com/od/rates/federal-income-tax rates.

2018 Income Tax Rates [Married and Surviving Spouses]

If Taxable Income Is		The Gross Tax Payable Is		
Over	**But Not >**	**Pay**	**Plus**	**Of Amount >**
$0	$19,050	$0	10%	$0
19,050	77,400	1,905	12	19,050
77,400	165,000	8,907	22	77,400
165,000	315,000	28,179	24	165,000
315,000	400,000	64,179	32	315,000
400,000	600,000	91,379	35	400,000
600,000+	--	161,379	37	600,000

Long-Term Capital Gains and Qualifying Dividends

Gain from property held 12 months or less is deemed to be short-term and taxed as ordinary income; the 2018 rates on long-term capital gains and qualifying stock dividends are as follows:

Ordinary Tax Bracket	Capital Gains Rate	Stock Dividend Rate
10% or 15%	0%	0%
25, 28, 33, or 35	15	15
39.6	20	20

Maximum Retirement Plan Contributions 2018

Type of Plan	Maximum	2019
Roth & Traditional IRA	$5,500	$6,000
Roth & Traditional IRA [additional catch-up if age 50+]	$1,000	$1,000
Roth IRA Phase-Outs (no contribution if MAGI above range below): Single & head of household: $118K to $133K Married couple filing joint return: $186K to $196K		
Traditional IRA Deductibility Phase-Outs (worker or spouse covered): Worker has co. plan: MAGI of $62K to $72K ($99K to $119K if married) Spouse has co. retirement plan: MAGI of $186K to $196K		2019
401(k), 403(b) & most 457 Plans (employee contribution)	$18,500	$19,000
401(k) [catch-up if age 50+]	$6,000	$6,000
SEP IRA & Solo 401(k)	$55,000	$56,000
SIMPLE IRA	$12,500	$13,000
SIMPLE IRA [catch-up if age 50+]	$3,000	$3,000
Pension & Profit-Sharing Plans	$55,000	$56,000
Defined-Benefit Plan (maximum annual benefit)	$220,000	$225,000
Qualified Longevity Annuity Contract Purchases (QLAC)	$130,000	$130,000
Earned Income Subject to Social Security Tax	$128,400	$132900
Social Security Tax For Employees (FICA + Medicare)	7.65%	7.65%
Self-Employed Tax (12.4% FICA + 2.9% Medicare)	15.3%	15.3%

Roth IRA: If you earn too much to fund a Roth IRA (> $135K single/$199K jt.), you can fund a nondeductible traditional IRA and convert it to a Roth IRA.

Traditional IRA: You can fully fund and deduct a traditional IRA regardless of MAGI unless: **[1]** MAGI is above a certain level and **[2]** you and/or your spouse are covered by a company retirement plan.

Compounding: Contributing $5,500 to an IRA from age 25 to 65 results in a nest egg of > $2 million at age 65, assuming a 9% annualized return (vs. 12% for the S&P 500 over the past 40 years). If annual returns were 12.0%, cumulative return would be > $4.7 million.

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Notes...

CONFUSED BY BITCOINS? WHY DIGITAL CURRENCIES LIKE BITCOIN ARE RISKY

What is a bitcoin? In simplest terms, bitcoin is a digital currency, also known as a cryptocurrency, that can be used to make electronic payments anywhere on the globe to any person or company that accepts it. "Bitcoin is different from the coins and dollars in your wallet in many ways, not the least of which is that it's not backed by any government," says Christina Tetreault, senior staff attorney for Consumers Union, the advocacy division of Consumer Reports. In other words, there is no "full faith and credit" behind bitcoin, as there is for the U.S. dollar. Another difference is that bitcoin exists only digitally. "Any transfer is done electronically and is recorded in a master ledger, known as a blockchain," Tetreault says, adding that bitcoin transactions are made without the intervention of any bank or payment processor. Neither is bitcoin subject to the vagaries of inflation, because its creators capped the number that will ever circulate at 21 million.

Where did it come from? The identity of bitcoin's creator or creators is a matter of some speculation. What is known is that bitcoin appeared as early as 2008 and was invented by one or more computer coders using the alias Satoshi Nakamoto. Generally considered to be the first cryptocurrency, bitcoin caught on early with twin internet entrepreneurs Tyler and Cameron Winklevoss (perhaps best known for suing Mark Zuckerberg over the creation of Facebook), among others. Thousands of other cryptocurrencies have since been created.

So who is using it? Because of the perceived anonymity that bitcoin provides, it has been used by people trafficking in illicit goods, such as drugs. Unlike credit cards, debit cards, or online payments made through banks, bitcoin cannot easily be linked to your identity. Though its current volatility makes it impractical as a day-to-day form of payment, some predict that it will one day be used for everyday transactions (a few mainstream retailers, including Expedia and Overstock.com, are already accepting bitcoin). Currently, it is seen mostly as a highly speculative form of investment.

How risky is it? Very. The value of bitcoin can rise and fall dramatically and quickly. At the start of 2017, one bitcoin was worth around $1,000. By the end of the year, its closing price had soared to almost $20,000 before trading around $7,400 on June 5, 2018. It continues to swing drastically. Like all cryptocurrencies, bitcoin is not backed by any government or central bank, so its holders have no protections such as those provided by the Federal Deposit Insurance Corporation, which safeguards money deposited in insured banks and savings institutions. The Consumer Financial Protection Bureau has warned consumers that cryptocurrencies are subject to risks that include hacking, fraud, and fewer consumer protections. "Some states are taking steps to regulate exchanges where cryptocurrencies are bought and sold, but the status of these efforts varies,"Tetreault says. "Consumers should heed the CFPB advisory and fully understand the risks before buying cryptocurrencies."

Still want to buy some? The simplest way to buy bitcoin is probably through one of the several online cryptocurrency exchanges, such as Coinbase, which accepts debit cards and U.S. dollars transferred from a bank account, among other forms of payment. (You don't have to purchase an entire bitcoin; Coinbase permits purchases of as little as $2 worth of cryptocurrency.) You can leave the bitcoin in your exchange account or move it into a cryptocurrency wallet, a piece of hardware that resembles a thumb drive. It is also possible to obtain bitcoin through a process known as "mining," which is impractical for most people because it requires extreme technical savvy and powerful computers.

What is the Qualified Small Employer Health Reimbursement Arrangement (QSEHRA)?

The **QSEHRA**, another name for the Small Business HRA, is an HRA exempted from certain compliance requirements and associated penalties. Similar to the Stand-Alone HRA, the QSEHRA allows a qualified small business to use tax-free dollars to assist employees with the purchase of health insurance and related medical expenses.

Similarities with the Stand-Alone HRA are many; however, the new QSEHRA establishes company contribution limits ($4,950 for employee only or $10,000 for employee plus family), a coordination with premium tax credits, and a requirement for participants to have minimum essential coverage.

How the QSEHRA works

The new QSEHRA is available to qualified small businesses as of January 1, 2017.

A QSEHRAis a company-funded, tax-free health benefits plan used to reimburse employees for individual health insurance and medical expenses.

Here's how the QSEHRA works:

- The HRA is available to small businesses (with fewer than 50 full-time employees) that do not offer a group health plan to any of their employees.

- Businesses use the HRA to reimburse employees tax-free for health insurance premiums and other out-of-pocket medical expenses.

- A company's annual contributions are capped at $5,050 for a single employee and $10,250 for an employee with a family in 2018. HRAs are 100 percent company funded; employee contributions are not allowed.

- Employees with minimum essential coverage will receive QSEHRA reimbursements free from income taxes.

- Employees with a QSEHRA may access premium tax credits. However, *if an employee is eligible for a premium tax credit,* the amount of the credit will be reduced by the monthly HRA amount.

- Generally, a company must make the same HRA contributions for all eligible employees. However, amounts may be varied based on family status.

- The QSEHRA/Small Business HRA is similar to the Stand-Alone HRA, which was made noncompliant for more than one participant by the Affordable Care Act (ACA). However, there are key differences. Here is a chart to compare the two HRAs.

	Stand-Alone HRA (2+ participants)	QSEHRA
Currently available and compliant?	No.	Yes, effective January 1, 2017.
Limits on company size?	No.	Yes. Available only to companies with fewer than 50 full-time-equivalent employees.
Eligibility restrictions allowed?	Yes. Companies may restrict eligibility based on bona fide job criteria.	No. Generally, all employees are eligible for the HRA. Companies may exclude employees who are part-time or seasonal.
Employees required to have insurance?	No.	No. Contributions received without minimum essential coverage may be subject to income taxes.
Different contribution amounts allowed?	Yes. Companies may restrict contribution amounts based on bona fide job criteria and/or family status.	Yes, but limited. Generally, a company must make the same HRA contributions for all eligible employees. However, amounts may vary based on family status.
Annual contribution limits?	No.	Yes. HRA annual contributions will be capped at $4,950 for a single employee and $10,000 for an employee with a family.

Love Letter to My Family...

Dear Loved Ones,

In an attempt to simplify matters for you, I have written this letter to provide you with information that may be helpful to you when the time arises.

____
(Printed) Full Legal Name

____
Date Written

Here is a list of the people you may need to contact

Attorney/Lawyer
Name: ______________________
Address: ______________________
____
Telephone: ______________________
Fax: ______________________
Note: ______________________
____

Employer
Name: ______________________
Address: ______________________
____
Telephone: ______________________
Fax: ______________________
Note: ______________________
____

Accountant/CPA
Name: ______________________
Address: ______________________
____
Telephone: ______________________
Fax: ______________________
Note: ______________________
____

Financial Planner
Name: ______________________
Address: ______________________
____
Telephone: ______________________
Fax: ______________________
Note: ______________________
____

Pension Benefits
Name: ______________________
Address: ______________________
____
Telephone: ______________________
Fax: ______________________
Note: ______________________
____

Insurance
Name: ______________________
Address: ______________________
____
Telephone: ______________________
Fax: ______________________
Note: ______________________
____

Insurance (2)
Name: ______________________________
Address: ______________________________
____
Telephone: ______________________________
Fax: ______________________________
Note: ______________________________
____

Mortgage Holder
Name: ______________________________
Address: ______________________________
____
Telephone: ______________________________
Fax: ______________________________
Note: ______________________________
____

Stockbroker
Name: ______________________________
Address: ______________________________
____
Telephone: ______________________________
Fax: ______________________________
Note: ______________________________
____

Bank
Name: ______________________________
Address: ______________________________
____
Telephone: ______________________________
Fax: ______________________________
Note: ______________________________
____

Church
Name: ______________________________
Address: ______________________________
____
Telephone: ______________________________
Fax: ______________________________
Note: ______________________________
____

Bank (2)
Name: ______________________________
Address: ______________________________
____
Telephone: ______________________________
Fax: ______________________________
Note: ______________________________
____

Other ____________________
Name: ______________________________
Address: ______________________________
____
Telephone: ______________________________
Fax: ______________________________
Note: ______________________________
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Other ____________________
Name: ______________________________
Address: ______________________________
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Telephone: ______________________________
Fax: ______________________________
Note: ______________________________
____

Other ____________________
Name: ______________________________
Address: ______________________________
____
Telephone: ______________________________
Fax: ______________________________
Note: ______________________________
____

Other ____________________
Name: ______________________________
Address: ______________________________
____
Telephone: ______________________________
Fax: ______________________________
Note: ______________________________
____

Assets

Here is a list of all my stocks, bonds property and other investments. A financial statement for each one should be attached.

Investment
Name: ____________________
Address: ____________________
____
Telephone: ____________________
Acct # ____________________
Note: ____________________
____

Investment
Name: ____________________
Address: ____________________
____
Telephone: ____________________
Acct # ____________________
Note: ____________________
____

Investment
Name: ____________________
Address: ____________________
____
Telephone: ____________________
Acct # ____________________
Note: ____________________
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Investment
Name: ____________________
Address: ____________________
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Telephone: ____________________
Acct # ____________________
Note: ____________________
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Investment
Name: ____________________
Address: ____________________
____
Telephone: ____________________
Acct# ____________________
Note: ____________________
____

Investment
Name: ____________________
Address: ____________________
____
Telephone: ____________________
Acct# ____________________
Note: ____________________
____

Money Owed to Us
Name: ____________________
Address: ____________________
____
Telephone: ____________________
Amount ____________________
Note: ____________________
____

Money Owed to Us
Name: ____________________
Address: ____________________
____
Telephone: ____________________
Amount ____________________
Note: ____________________
____

Deposits:

I Have ___ Have Not ___ made any substantial deposits on certain accounts. If applicable the accounts are:

____
____
____

LIABILITIES

Here is a list of our liabilities, including a contact name and phone number of each, as well as the location of any related documents.
This also includes any debts I am the guarantor (as noted)

Liability
Name: ______________________
Address: ______________________
____
Telephone: ______________________
Amount______________________
Located:______________________
____

Liability
Name: ______________________
Address: ______________________
____
Telephone: ______________________
Amount______________________
Located: ______________________
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Liability
Name: ______________________
Address: ______________________
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Telephone: ______________________
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Located:______________________
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Liability
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Amount______________________
Located: ______________________
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Liability
Name: ______________________
Address: ______________________
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Telephone: ______________________
Amount______________________
Located: ______________________
____

Liability
Name: ______________________
Address: ______________________
____
Telephone: ______________________
Amount______________________
Located: ______________________
____

INSURANCE COVERAGE

I have the following polices (including company owed) and where they can be found

LIFE INSURANCE

Type	Owner	Beneficiary	Face Amount $	Existing Loans$	Cash Value $

Any of the polices can be found at ______

DIABILITY INSURANCE

Company Policy Located at:

______

______

______

LONG TERM CARE INSURANCE

Company Policy Located at:

______

______

______

HEALTH INSURANCE

Company Policy Located at:

______

______

______

OTHER POLCIES (Auto, Umbrella, Home, etc.)

Type Company Policy Located at:

______

______

______

______

IF I BECOME DISABLED...

Please make sure to pay the premiums on the policies which will provide me or my family benefits.

My Life Insurance policy... If I become disabled...

___ Allows ____Does Not Allow for pre-payment of death benefits to support me

___ Allows ____Does Not Allow you to stop making premium payments

My Disability Insurance policy... If I become disabled...

___ Allows ____Does Not Allow you to stop making premium payments

Special Notes:

______

______

EMPLOYMENT

I have the following disability and/or death benefits where I work or worked (describe briefly)

Retirement Plan(s) ______________________________

Life Insurance ______________________________

Health Insurance ______________________________

Long Term Care Insurance ______________________________

Disability Insurance ______________________________

Deferred Compensation ______________________________

Stock Ownership ______________________________

Stock Options ______________________________

Cafeteria Plan ______________________________

Other ______________________________

DOCUMENTS

I have executed each of the following documents and you can find them where noted.

Document	Date Signed	Location
Will		
Living Will		
Medical Power of Attorney		
Medical Directive		
General Power of Attorney		
Living Trust		
Insurance Trust		
Charitable Trust		
Minor's Trust		
Custodial Account		
Organ Donation		
Prenuptial Agreement		
Divorce Decree		
Citizenship Papers / Passports		
Burial Agreement		
Retirement Plan Beneficiary Designation		
Insurance Beneficiary Designation		
Other		

I have appointed (in the above documents) the following persons to act on my behalf if I become disabled:

Power of Attorney over my Assets	1st	______________________________
	2nd	______________________________
Power of Attorney of Medical Decisions	1st	______________________________
	2nd	______________________________
Guardian over My Property	1st	______________________________
	2nd	______________________________
Guardian over My Person	1st	______________________________
	2nd	______________________________

It is my desire that the persons having the above powers of attorney act on my behalf rather than a guardian being appointed, unless my family believes guardianship is necessary.

In the event of my incapacity, I DO ____ DO NOT ____ want to be kept home as long as possible, taking into account the cost.

I, HAVE ____ NOT DO HAVE ____ a divorce decree which may require that certain payments be made after I am disabled or after my death.

GENERAL INFORMATION

Location / Combination / Number

____ Safety Deposit Box ______________________________

____ Personal Safe ______________________________

____ Social Security # ______________________________

____ Drivers License #/ Expiration ______________________________

____ Date of Birth – What City/State ______________________________

____ Passport # ______________________________

____ Log In's - Passwords:

Bank

Computer

Credit cards

Other

____ I AM ____ AM NOT currently the Trustee for a trust. If so, document located

____

____ I AM ____ AM NOT a beneficiary of a trust. Is so, document located

____

____ I AM ____ AM NOT entitled to military benefits. Benefits are:

____

____ I AM ____ AM NOT a member of a religious group . If so, name below

____

____ I AM ____ AM NOT a member of the following fraternal group(s). If so, listed here

____

I currently carry the following credit cards:

____

____

____

Upon my death, my heir's ____ WILL ____ WILL NOT receive a distribution or benefits from a trust. If will, the trust instrument was created by :

____

and can be found ____

I may receive an inheritance from:

____

I have listed here or attached a list of persons and what I want each to receive of my personal property when I die.

____

____

____

____

____

____

____

____

____

____

IN THE EVENT OF MY DEATH

I have the following final wishes...

Funeral Home: ____

Cemetery: ______________________________ Plot/Drawer: ______________________

____ I HAVE ____ HAVE NOT prepaid the following:

____ Burial costs ____ Burial Plot ____ Casket ____ Crematory _____ Other ________

Information for the above

____

____

____ I DO ____ DO NOT wish to be cremated Crematory: ______________________

Minister / Rabbi to perform service: ____

Pallbearers:

______________________________ ______________________________

______________________________ ______________________________

______________________________ ______________________________

Special Requests:

Obituary Reading, Tombstone Engraving, Organ Donation, In Lieu of flowers/charitable donations, special songs, scriptures, or any other special requests:

____
____
____
____
____
____

I Have signed this family love letter this ____ day of ________________, in the year ________. This document is not intended to replace my will or other estate planning documents signed by me. However, it is my express desire that each family member, Executor, Trustee, and Guardian will use this love letter and the other documents signed by me in making any discretionary decisions for me and my family.

_______________________ Print: Full Legal Name

_______________________ Sign: Full Legal Name

Copies of this Document were delivered to:

_______________________ _______________________
_______________________ _______________________

HOW TO KNOW IT'S REALLY THE IRS CALLING OR KNOCKING ON YOUR DOOR ?

Many taxpayers have encountered individuals impersonating IRS officials – in person, over the telephone and via email. Don't get scammed. We want you to understand how and when the IRS contacts taxpayers and help you determine whether a contact you may have received is truly from an IRS employee.

The IRS initiates most contacts through regular mail delivered by the United States Postal Service.

However, there are special circumstances in which the IRS will call or come to a home or business, such as when a taxpayer has an overdue tax bill, to secure a delinquent tax return or a delinquent employment tax payment, or to tour a business as part of an audit or during criminal investigations.

Even then, taxpayers will generally first receive several letters (called "notices") from the IRS in the mail.

Note that the IRS does not:

- Demand that you use a specific payment method, such as a prepaid debit card, gift card or wire transfer. The IRS will not ask for your debit or credit card numbers over the phone.
- Demand that you pay taxes without the opportunity to question or appeal the amount they say you owe. Generally, the IRS will first mail you a bill if you owe any taxes. You should also be advised of your rights as a taxpayer.
- Threaten to bring in local police, immigration officers or other law-enforcement to have you arrested for not paying. The IRS also cannot revoke your driver's license, business licenses, or immigration status. Threats like these are common tactics scam artists use to trick victims into buying into their schemes.

If you owe taxes:

The IRS instructs taxpayers to make payments to the "United States Treasury." The IRS provides specific guidelines on how you can make a tax payment at irs.gov/payments.

Here is what the IRS will do:

If an IRS representative visits you, he or she will always provide two forms of official credentials called a pocket commission and a HSPD-12 card. HSPD-12 is a government-wide standard for secure and reliable forms of identification for Federal employees and contractors. You have the right to see these credentials.

Collection

IRS collection employees may call or come to a home or business unannounced to collect a tax debt. They will not demand that you make an immediate payment to a source other than the U.S. Treasury.

Learn more about the IRS revenue officers' collection work.

The IRS can assign certain cases to private debt collectors but only after giving the taxpayer and his or her representative, if one is appointed, written notice. Private collection agencies will not ask for payment on a prepaid debit card or gift card. Taxpayers can learn about the IRS payment options on irs.gov/payments. Payment by check should be payable to the U.S. Treasury and sent directly to the IRS, not the private collection agency.

Learn more about Private Debt Collectors.

Audits

IRS employees conducting audits may call taxpayers to set up appointments, but not without having first notified them by mail. After mailing an official notification of an audit, an auditor/tax examiner may call to discuss items pertaining to the audit.

Learn more about the IRS audit process.

Criminal Investigations

IRS criminal investigators may visit a taxpayer's home or business unannounced while conducting an investigation. However, these are federal law enforcement agents and they will not demand any sort of payment.

Learn more about the What Criminal Investigation Does and How Criminal Investigations are Initiated.

Beware of Impersonations

Scams take many shapes and forms, such as phone calls, letters and emails. Many IRS impersonators use threats to intimidate and bully people into paying a fabricated tax bill. They may even threaten to arrest or deport their would-be victim if the victim doesn't comply.

For a comprehensive listing of recent tax scams and consumer alerts, visit Tax Scams/Consumer Alerts.

Know Who to Contact

- Contact the Treasury Inspector General for Tax Administration to report a phone scam. Use their "IRS Impersonation Scam Reporting" web page. You can also call 800-366-4484.
- Report phone scams to the Federal Trade Commission. Use the "FTC Complaint Assistant" on FTC.gov. Please add "IRS Telephone Scam" in the notes.
- Report an unsolicited email claiming to be from the IRS, or an IRS-related component like the Electronic Federal Tax Payment System, to the IRS at phishing@irs.gov.

For more information you may check out the IRS website at www.irs.gov

Compliments of: L. Klein and Company, P.C.
Lori Klein 281-370-0300 www.kleinwealthmgmt.com

MARK YOUR CALENDARS AND SAVE THE DATE

KLEIN WEALTH MANAGEMENT
HOSTS

Free Shredding and Recycling Community Event

Saturday, January 19, 2019

10 am – 1 pm

Come and bring your paper documents and/or your technology equipment for professional shredding on site!

Klein Wealth Management - 1427 Keefer Rd – Tomball, Texas 77375
For Info call 281.370.0300 or contact@kleinwealthmgmt.com

Tech. Acceptable Items

PC's
Routers /Servers
Keyboards & Mice
Switches
Monitors
UPS / Power Cords
Laptops
Cellular Phones
Memory Chips
Hubs & Routers
Printers and Copiers
Fax Machines
Ink Jet / Toner Cartridges
Cable Boxes
Telephones
Tape Drives / Hard Drives
Cameras
TV's only up to 36"

Acceptable Paper Items

Black Binder Clips
Brass Fasteners
Brochures
Checks
Colored Paper
Manilla File Folders
Multi-part Forms
Spiral Notebooks
Staples
Time Cards
2 Part Equi Fasteners

NOT Acceptable for Paper

3 ring binders
Aluminum Cans
Carbon Paper
Cardboard
Food Wrappers
Hanging File Folders
Magazines
Newspapers
Pizza Boxes
Plastic Bags

KLEIN
WEALTH MANAGEMENT

kleinwealthmgmt.com