Episode 13

30th January, 2019

2019 TAX SEASON IS UPON US. WHAT YOU NEED TO KNOW.

This is episode 13 of "The Winners Ways Podcast, and today is about personal finance. If you can learn about the tax laws and plan properly, you will not get into trouble with the tax man, and you will enjoy financial peace.

On today's episode, I will be introducing the new changes that comes with the "Tax Cuts and Jobs Act of 2017. And what you should expect.

President Trump signed the Tax Cuts and Jobs Act on December 22nd 2017. It cuts individual income tax rates, doubles the standard deduction, and eliminates personal exemptions. The top individual tax rate drops to 37 percent from 39.6%, while the lowest individual rate remains at 10%. The Act cuts the corporate tax rate from 35 percent to 21 percent beginning in 2018. The corporate cuts are permanent, while the individual changes expire at the end of 2025.

As a result of the new law, The Internal Revenue Service (IRS) has updated the tax rates and adjustments accordingly.

These are the numbers for the tax year 2019 beginning January 1, 2019. They are not the numbers and tables that you'll use to prepare your 2018 tax returns in 2019.

Income Tax Rate		Income Levels for Those Filing As:	
2017	2019-2025	Single	Married-Joint
10%	10%	$0-$9,700	$0-$19,400
15%	12%	$9,701-$39,475	$19,401-$78,950
25%	22%	$39,476-$84, 200	$78,951-$168,400
28%	24%	$84,201-$160,725	$168,401-$321,450
33%	32%	$160,726-$204,100	$321,451-$408,200
33%-35%	35%	$204,101-$510,300	$408,201-$612,350
39.6%	37%	$510,301+	$612,351+

Here are some changes you need to note:

1. ***Tax Brackets and Tax Rates.*** *There are still seven (7) tax rates. They are: 10%, 12%, 22%, 24%, 32%, 35% and 37%*
2. ***Standard Deduction Amounts.*** *The standard deduction amounts will increase to $12,200 for individuals, $18,350 for heads of household, and $24,400 for married couples filing jointly and surviving spouses.*
3. ***Home Mortgage Interest.*** *You will be able to deduct mortgage loan interest on your home - up to $750,000 ($375,000 for married taxpayers filing separately).*
4. ***Child Tax Credit.*** *The child tax credit has been increased to $2,000 per qualifying child from the current $1000.*
5. ***Adoption Credit.*** *For 2019, the credit allowed for an adoption of a child with special needs is $14,080, and the maximum credit allowed for other adoptions is the amount of qualified adoption expenses up to $13,810.*
6. ***Student Loan Interest Deduction****. For 2019, the maximum amount that you can deduct for interest paid on student loans remains $2,500. Phaseouts apply for taxpayers with Modified Adjusted Gross Income (MAGI) more than $70,000 ($140,000 for joint returns) and the deduction is completely phased out for taxpayers with MAGI of $85,000 or more ($170,000 or more for joint returns).*

7. ***Health Savings Accounts (HSA).*** *For 2019,*

HSA Contribution Limits
These are the maximum contributions to a health savings account for 2018:

- *$3,450 for individuals (up from $3,000 in 2017).*
- *$6,850 for families (up from $6,800 in 2017).*
- *If you're 55 or older, you can make an additional catch-up contribution of up to $1,000.*

8. ***Foreign Earned Income Exclusion.*** *For tax year 2019, the foreign earned income exclusion is $105,900, up from $103,900 for tax year 2018.*

How It Affects You

Among individuals, the tax plan helps higher-income families the most. The Tax Foundation said those in the 95 to 99 percent range would receive a 2.2 percent increase in after-tax income. Those in the 20-80 percent income range would receive a 1.7 percent increase. Those in the lowest-earning fifth of the population would see their income increase by 0.4 percent.

FIVE DEDUCTIONS THAT ARE GOING AWAY

1. ***Personal exemptions:*** *A personal exemption is a sum of money you can deduct for yourself and any dependents from your taxable income.*
2. ***Mortgage Interest above $750k:*** *Homeowners previously were able to write off the interest on mortgages up to $1 million. Under the new tax law, however, the cap has been reduced to $750,000 in qualified residence loans.*
3. ***Moving expenses:*** *Taxpayers previously could deduct certain moving expenses related to relocating for a new job. This was an "above-the-line" deduction, meaning it could be claimed even if the taxpayer didn't itemize. "Now the only people who can take this deduction are military service members moving for assignment*
4. ***Tax preparation fees:*** *Prior to 2018, fees related to tax preparation could also be combined with other miscellaneous deductions that exceeded 2 percent of your adjusted gross income. This deduction has been suspended through 2025.*
5. ***Work-related expenses:*** *In the past, if a taxpayer's job required certain purchases in order for an employee to perform their job and the employer was unable or unwilling to reimburse the employee, those expenses were tax deductible. For example, employees could*

deduct mileage driven for work purposes (not commuting), uniforms, tools, union dues and more as long as they are met the IRS rule.
However, beginning in 2018, "employees will not be allowed to deduct out-of-pocket work expenses they pay to do their job, This deduction, along with other miscellaneous deductions, is suspended through 2025.

Closing thoughts:

And it's a wrap. Thank you for joining me today on episode 13 of my show. I want you to win with your finances. Know the rule, and play by the rule. Know all the tax deductions that you can claim, and learn how you can pay just the required amount of taxes due, not more, not less. I hope I've been able to serve you today. Please subscribe to my podcast, rate and leave me a review so that we can attract other people and help them win.