



3378 State Route 5 Ste. A
Cortland, OH 44410
330.638.2727
www.jenjslycpa.com

ACCEPTING NEW BUSINESS AND INDIVIDUAL CLIENTS

TAX OVERHAUL | THE LAW

Basics of the New Tax Reform

The Tax Cuts and Jobs Act was signed by President Donald Trump on Dec. 22, 2017. Considered the largest overhaul to the American tax code since 1986, it will affect both businesses and individuals.

While Americans won't see any big changes when they file their 2017 taxes, in the next filing year, taxpayers will notice substantial differences.

The overhaul was designed to simplify the way Americans file their taxes as well as reduce rates for nearly every income bracket.

THE VOTE

The new \$1.5 trillion tax bill required resolution of three small provisions before the final draft was eligible for vote. Once the issues were resolved, the House voted 227 to 203 to pass the bill.

The next day, it was approved by the Senate after a vote of 51-48 and would ultimately be signed in as a law by the President.

The final tax bill cut corporate taxes to 21 percent, down from 35, repealed penalties related to foregoing health insurance and lowered tax rates for nearly every income bracket.

THE ATTEMPT TO SIMPLIFY

The new tax reform attempts to simplify the filing process by increasing the standard deduction. A stan-

dard deduction is a dollar amount that reduces the amount of income on which you are taxed and varies according to your filing status, according to the Internal Revenue Service.

Here's how the standard deductions look under the tax reform, per the new tax bill:

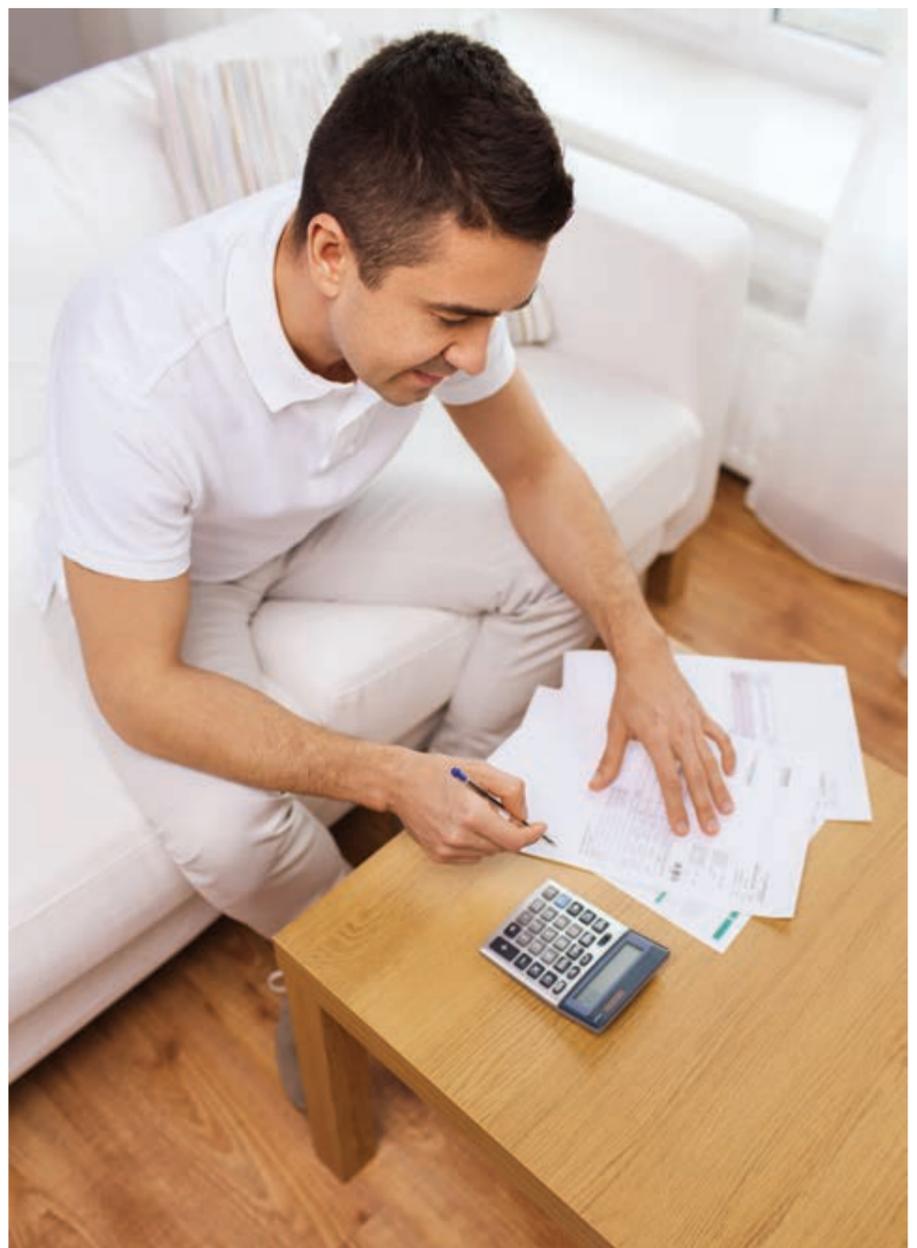
- **Single:** increase to \$12,000.
- **Head of household:** increase to \$18,000
- **Married filing jointly:** increase to \$24,000

For those who prefer to use itemized deductions when filing, the rules are changing, as well. Since the standard deductions were increased, there are several itemized expenses that have been eliminated, limited or modified. Here's what you can expect when filing your 2018 taxes.

- Eliminated are tax preparation fees, investment-interest expenses and personal casualty and theft losses.

- State and local-income taxes may still be deducted, but only up to a combined total of \$10,000.

- Interest on a home equity loan is no longer deductible.



Got a legal problem?

Let Michael J. McGee help you with a solution.



A Cortland resident, Mr. McGee can be reached at (330) 392-1541.

- Traffic Matters
- Criminal Defense
- Divorce & Custody
- Tax Matters
- Civil Litigation
- Personal Injury

HARRINGTON, HOPPE & MITCHELL, LTD.
Legal Solutions for Business and Life

Marketing your home online & beyond!

Get results with the team of
John Eaton & Fallehn Davin

330.219.5758
www.eatonSOLD.com



TAX OVERHAUL | ITEMIZED DEDUCTIONS

Change in Mileage Rates

Millions of Americans use their personal vehicles for business purposes. Under the new tax reform, the federal government has increased the standard mileage rates. Learn how the new laws affect your deductions.

The Internal Revenue Service states the standard mileage rate for business is based on an annual study of the fixed and variable costs of operating an automobile.

NEW MILEAGE RATES

According to the IRS, on Jan. 1, 2018, the standard mileage rates for passenger vehicles will be:

- 54.5 cents for every mile of business travel driven (up 1 cent from 2017);
- 18 cents per mile driven for medical or moving purposes (1 percent higher than last year); and
- 14 cents per mile driven in service of charitable organizations.

The rate for service for charitable organizations remains unchanged as it is currently fixed by Congress.

Now that you are familiar with the new deduction rates allowed by the current tax form, do you know if you qualify?

BUSINESS TRAVEL

IRS Topic Number 510 states you must own or lease a car to qualify for the standard-mileage rate deduction. While claiming the mileage used on your com-

mute to work is generally not allowed, you can deduct trips:

- Between your home and temporary work location (if your main job as at another location);
- When using your personal vehicle for day-to-day travel operations related to your job, such as trips to the post office, buying supplies or bank visits; and
- When traveling to meet with clients or tending to business matters off site.

In addition, when your office is at home, self-employed taxpayers can claim all business-related mileage.

MEDICAL MILEAGE

When using your personal vehicle for medical reasons, the IRS allows you to deduct the mileage from your taxes.

The tax agency states that you can include in medical expenses amounts paid for transportation primarily for, and essential to, medical care. Here are some acceptable causes you may not know about.

- Transporting a patient (who is unable to travel alone) to receive medi-



cal care including injections or medications;

- Expenses of a parent who must go with a child who needs medical care; and
- Transportation expenses for regular visits of a mentally ill dependent, if these visits are recommended as part of treat-

ment.

CHARITY MILEAGE

If you operate or volunteer for an eligible charity, you can deduct related mileage, parking fees and tolls related to that work.

TAX OVERHAUL | ASK THE PROS



3 Questions for Your Accountant

It's always a good idea to work closely with your local tax professional throughout the year, especially when new policies go into law.

Accountants become apprised regularly from the Internal Revenue Service and United States Treasury on how to work with clients to implement the new tax bill. Staying on top of these changes with your accountant can help you save money in the long run as you plan matters such as estimated taxes and federal tax liability.

Here are three questions to immediately ask your tax preparer.

1. How Will My Taxes Change in 2018?

Initial research shows that for 70 per-

cent of Americans who take the standard deduction, their tax bill will likely be reduced in the 2018 tax year. The Tax Cuts and Jobs Act nearly doubles the standard deduction — now \$12,000 for singles and \$24,000 for married people filing jointly.

Where you fall into this conversation depends on how you earn your income and how you file your taxes. Your accountant will be able to give you a solid answer on any tax bracket changes that may affect your tax responsibilities.

2. Should I Adjust My Withholding Allowances?

Experts predicted the tax bill impacting American paychecks by February 2018.

Tax specialists recommend that you sit down with your accountant to carefully re-evaluate your tax situation under the new law. Your preparer can advise you on the necessity of filing a revised W-4 with your employer.

If you run your own business, it is obviously a good idea to stay in touch with your accountant as the tax bill becomes

more clear.

3. What Deductions Can I Still Take for 2018?

According to the IRS, about 44 million individual tax returns are itemized. This represents about 30 percent of U.S. households. Experts anticipate that with new tax law eliminating most itemized deductions, that percentage could drop to 10 percent.

This change may make itemizing less valuable for you in 2018. Check with your tax professional to find out if this is the best strategy for you.

New Construction Could Be Yours!



Gorgeous New Construction

"COMING SOON TO CORTLAND"

3 Bedroom 2 Bath Ranch
3 Car Garage
1900 Sq. Ft.

It's the perfect time to build!



Call Mary Sims Today!
330 502-3011

www.BrokersSOLD.com
330-856-7777
OPENING DOORS - CLOSING SALES

**Residential
Commercial
Foreclosures**



**Brokers Realty
Group**

Make **BIG** Money With



Our **Warren, OH** location has a GREAT business opportunity for you to own & operate your own Flatbed delivery service!

- **BIG** Income Potential with small startup costs
- Be home **EVERY** night with your family!
- Why work for someone else, when you can work for **YOURSELF!**

Work with the #1 Home Improvement Center in the Midwest.

For more information visit:

<http://www.menards.com/main/c-19223.htm>

For more information call

(330)980-7250 or e-mail

WRNOGeneralManager@menards.com

TAX OVERHAUL | FAMILIES

Child Tax Credit Changes

In 1997, the child tax credit was introduced with legislation. It began as a nonrefundable credit of \$400 for children under the age of 17.



It has been modified since its beginning, and as of 2017, was worth up to \$1,000 per qualifying child and only partly refundable.

Under the new Tax Cuts and Job Act, the credit is increased to \$2,000 per child under 17. The reform allows parents to receive up to \$1,400 as a refund, only if the credit is larger than a family's federal income tax liability.

NEW PLAN WILL AFFECT MORE PARENTS

To be eligible for a child tax credit on your 2017 tax return, single filers must not exceed an income of \$75,000, and joint filers are eligible up to \$110,000.

In addition to doubling the current child tax credit, new tax law that will take effect when filing your 2018 taxes also increases the eligible income standards.

- Those filing as single will be eligible if they make less than \$200,000 annually.
- For married couples filing jointly, the

threshold is doubled at \$400,000 per year.

QUALIFICATIONS

There are still several requirements that each child must meet before a caregiver is eligible for the child tax credit. Here are the qualifications, per the Internal Revenue Service:

1. Child is your son, daughter, stepchild, foster child, brother, sister, half-brother, half-sister or a descendant of any of them.
2. Was under age 17 at the end of the filing year.
3. Did not provide over half of his or her own support for the fiscal year.
4. Lived with you for more than half of 2017.
5. Is claimed as a dependent on your tax return.
6. Does not file a joint return for the year.
7. Was a United States citizen, a U.S. national or a U.S. resident alien.

The new law is not set to expire until Dec. 31, 2025.

TAX OVERHAUL | MAJOR CHANGES

Effects For Homeowners

The Tax Cuts and Jobs Act has far-reaching implications for how individuals and businesses file their taxes. There also are major changes ahead for homeowners.

But what do the new tax provisions mean specifically when it comes to buying a home, selling a home, or claiming mortgage interest deductions? Will the new tax changes leave more people looking to rent versus purchasing their home?

Schedule a chat with your local accountant to find out how the tax bill will impact your specific home ownership situation.



MORTGAGE INTEREST DEDUCTION

According to the Internal Revenue Service, the new tax bill drops the upper limit on the mortgage interest deduction from \$1 million in housing debt to \$750,000 on homes that are purchased after December 15, 2017.

Another exception in the tax bill allows the original \$1 million limit for refinancing an existing loan as long as the new loan is not greater than the amount refinanced.

The final bill repeals the deduction for interest paid on home equity debt through Dec. 31, 2025, according to the National Association of Realtors, while interest is still deductible on home equity loans (or second mortgages) if the proceeds are used to substantially improve the residence.

MOVING EXPENSE DEDUCTION

Moving for work? The new tax bill limits deductions for certain moving expenses associated with a new job to those in active duty in the armed forces.

This can impact you if you have to move during the year and re-enter the market.

The American Moving and Storage Association states that the average cost of an interstate household move is about \$4,300 (distance of 1,225 miles) and the average cost of an intrastate move is about \$2,300 (4 movers at \$200 per hour).

These changes are all worth discussing with your local tax professional to make sure you're getting the most out of the homeownership experience when it comes to filing and paying your taxes.



When you have the right financial advisor, life can be brilliant.

You've worked hard for your money. You want your money to work hard for you. Using our Confident Retirement approach, we'll work with you to develop a customized plan that can help you realize your financial goals - today and well into the future.



Shortreed & Associates

"We Don't Predict - We Prepare"

3378 State Route 5
Cortland, OH 44410

330.638.5525

ameripriseadvisors.com/team/
shortreed-associates



Ameriprise Financial | Be Brilliant.

The Confident Retirement® approach is not a guarantee of future financial results. Investment advisory products and services are made available through Ameriprise Financial Services, Inc., a registered investment adviser. © 2016 Ameriprise Financial, Inc. All rights reserved. (9/16)

TAX OVERHAUL | IN THE WORKPLACE

Impact on Employers

When President Donald Trump signed the Tax Cuts and Jobs Act on Dec. 22, 2017, there were many provisions set in action that will impact employers across the country.

As always, it is recommended that you sit down with your business accountant to go over any changes that may change your overall tax situation. Your local professional has access to all the information you'll need to make decisions related to your tax planning strategies.

Below are a few immediate impacts the new tax law will have on the business world.

CHANGES FOR CORPORATIONS

The new legislation offers tax cuts to U.S. corporations, with the maximum corporate tax rate being reduced to 21 percent from the previous 35 percent.

There also is a shift to a "territorial" tax structure, meaning that corporations that do business abroad will no longer be taxed by the U.S. on the profits they generate overseas.

TAX CREDIT FOR PAID FAMILY LEAVE

Under the federal Family and Medical Leave Act, covered employers must provide eligible employees with up to 12 weeks of unpaid leave for specified reasons.

The new tax law provides businesses with a federal tax credit if they provide at least two weeks of paid family and medical leave to qualifying employees per year pursuant to a written policy.

Under the new law, according to the Internal Revenue Service, eligible employers can claim a credit equal to 12.5 percent of the amount of wages paid to qualifying employees during any period in which such employees are on family or medical leave for one or more of the specified reasons under the FMLA.



MISCELLANEOUS FRINGE BENEFITS

The new tax law eliminates employer deductions for certain entertainment, amusement or recreation expenses. It also limits employers' deductions for certain employee meals and suspends the deduction until 2026 for employee mov-

ing expenses, with exceptions for members of the U.S. Armed Forces and their family members.

In addition, previously existing deductions for employers who provided qualified transportation fringe benefits to their employees are eliminated under the new tax law, according to the IRS.

TAX OVERHAUL | STAYING SAFE

Watch Out For Tax Scams

The new tax bill is a complex topic — one that scammers might use to confuse you into negative situations. Tax scams are real. More than 15.4 million consumers were victims of identity theft or fraud in 2016, according to a report from Javelin Strategy and Research.

That's up 16 percent from 2015, and the highest figure recorded since the firm began tracking fraud instances in 2004. Many of those cases were related to tax scams perpetrated by criminals over the phone, email or through the mail.

As a reminder from the Internal Revenue Service, keep in mind that the IRS:

- Will never call to demand immediate payment using a specific payment method, such as a prepaid debit card, gift card or

wire transfer.

- Generally will first mail you a bill if you owe any taxes.

- Will never threaten to immediately bring in local police or other law-enforcement groups to have you arrested for not paying.

- Will never demand that you pay taxes without giving you the opportunity to question or appeal the amount they say you owe.

- Will never ask for credit or debit card numbers over the phone.

HOW TO IDENTIFY CREDIBLE OUTREACH FROM THE IRS

How can you know if the IRS is legitimately reaching out to you?

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

Ask to see these credentials if you are approached by someone claiming to work with the IRS.

In terms of tax collection, IRS employees may indeed call or come to a home or business unannounced to collect a tax debt but will never demand that you make an immediate payment to a source other than the U.S. Treasury.

The IRS may assign cases to private debt collectors but only after giving the taxpayer and his or her representative written notice first. In terms of an audit, IRS employees may call taxpayers to set up appointments but not without having first notified them by mail.

Keep these tips in mind this year during what is sure to be another busy season for tax scammers across the country.



Mayflower
Wollam
INSURANCE GROUP

You don't get a loan from an insurance agent,
Why buy insurance from a bank?

We've moved
back
downtown!
214 W. Main St
Cortland




Joshua Palmer
Licensed Insurance Agent

Ross Williams
Licensed Insurance Agent

Cortland
(330) 637-4045

Canfield
(330) 286-3791

North Jackson
(330) 538-2273

Newton Falls
(330) 872-8372

Make a New Years Resolution to
get your finances in order for 2018!

Q: Need a book keeper but not full time?
A: Let our accounting dept. do as much or as little of your accounting and backroom work.

Q: Got a shoe box full of receipts that need recorded and no time to do it?
A: Let us get you organized and automated.

Q: Need part time or seasonal help but can't find anyone reliable and knowledgeable?
A: We provide as needed services.

Tax Preparation
Business bookkeeping
Personal bookkeeping
Work Comp and Insurance Audits

Full tax preparation for individuals and businesses.
Hourly or flat rate bookkeeping, accounting and other administrative functions.



Marie Hillman

B.A. Kent State University
Master of Taxation - U. of Akron
Cell - (330) 307-9076
mhillman124@gmail.com