

2019
Pocket Guide to
TAXES

Saltmarsh

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2019 Taxable Income: Amount of Tax:

2019 Standard Deduction

Single

\$ 0 - \$ 9,700	10% of taxable income			
\$ 9,701 - \$ 39,475	\$ 970.00 + 12%	of amt.	>	\$ 9,700
\$ 39,476 - \$ 84,200	\$ 4,543.00 + 22%	of amt.	>	\$ 39,475
\$ 84,201 - \$ 160,725	\$ 14,382.50 + 24%	of amt.	>	\$ 84,200
\$ 160,726 - \$ 204,100	\$ 32,748.50 + 32%	of amt.	>	\$ 160,725
\$ 204,101 - \$ 510,300	\$ 46,628.50 + 35%	of amt.	>	\$ 204,100
Over \$510,301	\$ 153,798.50 + 37%	of amt.	>	\$ 510,300

You may deduct your standard deduction or your itemized deductions, whichever is greater:

Single	\$ 12,200
Head of Household	\$ 18,350

Head of Household

\$ 0 - \$ 13,850	10% of taxable income			
\$ 13,851 - \$ 52,850	\$ 1,385.00 + 12%	of amt.	>	\$ 13,850
\$ 52,851 - \$ 84,200	\$ 6,065.00 + 22%	of amt.	>	\$ 52,850
\$ 84,201 - \$ 160,700	\$ 12,962.00 + 24%	of amt.	>	\$ 84,200
\$ 160,701 - \$ 204,100	\$ 31,322.00 + 32%	of amt.	>	\$ 160,700
\$ 204,101 - \$ 510,300	\$ 45,210.00 + 35%	of amt.	>	\$ 204,100
Over \$510,301	\$ 152,380.00 + 37%	of amt.	>	\$ 510,300

Married filing separate	\$ 12,200
Married filing joint, and surviving spouses	\$ 24,400

Married Filing Jointly and qualified widow(er) with a dependent child

\$ 0 - \$ 19,400	10% of taxable income			
\$ 19,401 - \$ 78,950	\$ 1,940.00 + 12%	of amt.	>	\$ 19,400
\$ 78,951 - \$ 168,400	\$ 9,086.00 + 22%	of amt.	>	\$ 78,950
\$ 168,401 - \$ 321,450	\$ 28,765.00 + 24%	of amt.	>	\$ 168,400
\$ 321,451 - \$ 408,200	\$ 65,497.00 + 32%	of amt.	>	\$ 321,450
\$ 408,201 - \$ 612,350	\$ 93,257.00 + 35%	of amt.	>	\$ 408,200
Over \$612,351	\$ 164,709.50 + 37%	of amt.	>	\$ 612,350

You may increase your standard deduction by an additional \$ 1,300 if you are *married* and:

- blind or
- 65 or older

Married Filing Separately

\$ 0 - \$ 9,700	10% of taxable income			
\$ 9,701 - \$ 39,475	\$ 970.00 + 12%	of amt.	>	\$ 9,700
\$ 39,476 - \$ 84,200	\$ 4,543.00 + 22%	of amt.	>	\$ 39,475
\$ 84,201 - \$ 160,725	\$ 14,382.50 + 24%	of amt.	>	\$ 84,200
\$ 160,726 - \$ 204,100	\$ 32,748.50 + 32%	of amt.	>	\$ 160,725
\$ 204,101 - \$ 306,175	\$ 46,628.50 + 35%	of amt.	>	\$ 204,100
Over \$306,176	\$ 82,354.75 + 37%	of amt.	>	\$ 306,175

You may increase your standard deduction by an additional \$ 1,650 if you are *single* or *head of household* and:

- blind or
- 65 or older

Estates and Trusts

\$ 0 - \$ 2,600	10% of taxable income			
\$ 2,601 - \$ 9,300	\$ 260.00 + 24%	of amt.	>	\$ 2,600
\$ 9,301 - \$ 12,750	\$ 1,868.00 + 35%	of amt.	>	\$ 9,300
Over \$12,751	\$ 3,075.50 + 37%	of amt.	>	\$ 12,750

If you are both blind *and* 65 or older, you may double this additional standard deduction.

Planning Tips for 2019

- Election to expense cost of tangible personal property under Section 179 is \$1 million with a \$2.5 million investment limitation.
- “Bonus depreciation” is 100% of cost for qualified assets including purchase of used property.
- Qualified Business Income deduction includes 20% deduction for pass through business income up to \$160,700 single and \$321,400 married filing jointly.
- Social Security recipients can earn the following amounts before benefits are reduced in 2019:

Under Full Retirement Age	\$ 17,640
Full Retirement Age attained	\$ 46,920
Over Full Retirement Age	No limitation
- Child tax credit - \$2,000 per qualifying child (\$1,400 is refundable); joint filers with AGI up to \$400,000 (\$200,000 for all others).
- The estate tax exemption is \$11,400,000 per individual.
- The annual exclusion for gifts of present interests is \$15,000 per recipient for 2019.

Who Must File a Return?

You must file if you are:

And have gross income of:

Single

Under 65	\$ 12,200
65 or older	\$ 13,850

Married filing a joint return

Both spouses under 65	\$ 24,400
One spouse 65 or older	\$ 25,700
Both spouses 65 or older	\$ 27,000

Head of household

Under 65	\$ 18,350
65 or older	\$ 20,000

Qualifying widow(er)

Under 65	\$ 24,400
65 or older	\$ 26,050

For Children and Other Dependents

Earned income taxed at rates and brackets for Single Taxpayers.

Unearned income taxed at rates and brackets for Estates and Trusts.

Income You Must Report

- Wages, salary, tips and other compensation
- Fees, commissions, bonuses, rents
- Interest income, dividends
- IRA distributions
- Lump-sum distributions
- Distributions from SEPs
- Employer-paid disability benefits
- Excess business expense reimbursements
- Gains on sale or exchange of property
- Trust accumulation distribution
- Income earned outside the U.S.
- Embezzled or illegal income
- Social Security benefits
- Lottery & gambling winnings
- Tier 2 and supplemental annuities from Railroad Retirement Act
- Capital gains
- Pensions and annuities
- Taxable state tax refunds
- Bartering income
- Unemployment benefits
- S Corporation profits
- Partnership profits
- Original issue discount
- Executor fees
- Director's fees
- Prizes and awards
- Certain scholarship amounts
- Endowments
- Punitive damages

Income You Do Not Report

- Welfare benefits
- Veteran's Administration benefits
- Worker's Compensation benefits
- Child support
- Gifts
- Veteran's life insurance dividends
- Life insurance proceeds received because of a person's death
- Casualty insurance amounts
- Certain fellowships
- Student loans canceled in return for services
- Certain inherited assets (excluding accrued income and retirement accounts)
- Alimony (Divorces after 2018)

Personal Exemption

2019 Exemption amount: - 0 -

Tax Cuts and Jobs Act (TCJA) suspends personal exemptions.

2019 Social Security Tax

	<u>Tax Base</u>	<u>Rate</u>	<u>Max. Tax</u>
Social Security	\$132,900	6.20%	\$8,240
Medicare	no limit	1.45%	no limit
Additional Medicare	*	0.9%	no limit

2019 Self-Employment Tax

	<u>Tax Base</u>	<u>Rate</u>	<u>Max. Tax</u>
Social Security	\$132,900	12.4%	\$16,480
Medicare	no limit	2.9%	no limit
Additional Medicare	*	0.9%	no limit

* Wages/self-employment income over \$250,000 joint filers; \$200,000 single filers

Itemized Deductions & Percentage Limitations

Medical expense	Minimum — 10% of AGI
Non-business state, local, property and sales tax	Maximum — \$10,000
Mortgage interest deduction:	
▪ Mortgage interest up to \$750,000 acquisition indebtedness	
▪ No interest deduction for home equity loans	
Miscellaneous itemized deduction	No Deduction Allowed
Phase out of total itemized deductions	Suspended

2019 Standard Mileage Rates

	<u>2019</u>
Business use of auto	\$.58 a mile
Charitable	\$.14 a mile
Medical	\$.20 a mile

Additional Tax on Investment Income

3.8% Additional tax on Net Investment Income

AGI over \$250,000 joint filers; \$200,000 single filers and head of household.

Investment Income - Includes interest, dividends, annuities, royalties, tangible property rents and capital gains.