

About Steinhauer & Company

Since 1991, Steinhauer & Company provides services to individuals, small and medium sized businesses. Services are Management, Accounting, Financial, Business and Personal Taxation consulting and preparation.

In working with businesses and individuals the approach is to understand the client needs and mold their, taxation, management and accounting reporting around those needs. Steinhauer & Company goes above and beyond your bookkeeping and tax preparation needs but analytical analysis, research, education and true financial services in keeping you in control.

Earning a Bachelors of Science Degree in Accounting, Mastery Certificate in MS Excel and 30 plus years experience, which since 1991 opening the doors at Steinhauer & Company. Client commitment and professional services have been the top most importance for this firm.

Services range from interim reporting, employee training, financial and management reporting, Business Intelligence and analytical process and much more. Client information is stored and accessed on purchased software/and hardware in the office not on third party servers and clouds as known, which have much security controversy with client information.

Call today and ask about the different packages available from daily, weekly, monthly, quarterly, annual or what ever your needs could be.

Small firm always

Dedicated services and truly confidential

*Always looking for additional clients,
referrals go long way!*

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Knowing Your Taxes 2018

Steinhauer & Company



Since 1991

Helping People with Accounting,
Business Management and Taxation

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*Helping others through complex
financial services since 1991*

Tel: 608-356-8883

Thank You for Your Business

Knowing Your Taxes

Below is a quick outline to help you understand your taxes. Not every tax return is created equal, while someone may take credits and others can't depend on income levels, dependents, investments, certain expenditures and more. **Disclosure** not all adjustments and credits for Federal/State income taxes are presented below, but the most frequently used. **Following is intended as a summary only.**

Income:

- **Income Subject to Social Security Medicare Tax:** Wages, Profit from Sole-Proprietor, LLC and Partnerships.
- **Income not subject to Social Security Medicare;** Rental, Investment, Long Term Capital Gains (Max. tax rate 20%), Gambling Winnings, Pensions, Taxable Social Security Income
- **Taxable Social Security Benefits** - Generally Income over benefits \$25,000 Single, \$32,000 Married Filing Joint (benefits included in income prorated above limits)

Adjustment to Income:

Adjustments to income effects your taxes by your income tax rate, the rate starts at 10 percent and Caps at 39.60%. A \$1,000 adjustment is worth \$100 to \$396 in tax savings based on criteria. Adjustments consists of:

- Educator expenses
- Certain business expense of reservists, performing arts and fee basis government officials
- Health Savings Account
- Moving expenses
- One half of self employment tax
- Self employed SEP, SIMPLE, and Qualified Retirement plans
- Self employed health insurance deductions
- Penalty on early withdrawal of savings
- Alimony payments New provisions 2018
- IRA deduction
- Student loan interest, Tuition and fees deduction
- Domestic production activities

AGI - Adjusted Gross Income is your total income less above adjustments if any.

Itemized Deductions/Standard Deductions:

Itemized Deductions are Medical costs greater than 7.5-10% AGI, \$10,000 maximum taxes paid State Paid or Withheld Taxes, Property Tax (NEW), Mortgage Interest, Donations, Casualty Losses, Employee, Business expenses exceeding 2% AGI and more. **If greater than standard deduction.** Standard deduction (NEW) 2018 is \$24,000 for married filing joint, \$12,000 single and \$18,000 head of household. Sect 199A (New) Qualified Business Income Deduction important for self employed taxpayers call for more information

Credits:

There are a variety of credits and what your credit may total is the amount that is subtracted from your gross tax. Credits are based on expenditures, income level, dependent and other factors, call for details. Remember, you have to have taxable income and a gross tax to receive most credits. A \$1,000 dollar credit produces \$1,000 off your gross tax. Credits are as follows:

- **Foreign Tax Credits** - Taxes Paid Foreign Counties
- **Child and dependent care** - Figured by percentage of Child Dependent care expense and income level
- **Elderly or disabled** - Low Income Individuals over 65
- **Education Credits** - Hope and Life Time Learning Credits from Tuition Expenses from Qualified Schools
- **Residential Energy Credit** - Credit varies by property solar power, windows and doors ect, call for detail.
- **Retirement Savings Contribution Credit** - Income Level based on amount contributed for retirement.
- **Child Tax Credit** - for dependents under age 16, up to \$2,000
- **Mortgage Interest Credit** (Must be QMCC Loans)
- **Qualified Adoption Expense Credit**
- **Alternative Minimum Tax** - High Income Earners
- **General Business Credit** - Variety of credits Health Care Premium for employee covered plans.

Other Taxes:

- **Self Employment Tax**, this is figured by self employment income through LLC K-1's and self employment income. Income to 128,700 at 12.40% for Social Security and Medicare unlimited income at 2.9% Medicare Tax a total of 15.3%.
- **Tax on early distributions** of IRS, 401K, Pensions ect tax is 10 percent of distributions under age 59 1/2 or exceptions may apply
- **Advanced Payments for Earned Income Credit**
- **Healthcare Individual Responsibility Payment - Call for more information, possibly phasing out in 2019.**

Payments:

- Income Tax Withholdings Estimated, Extension Payments
- American Opportunity Credit - Tuition credit above limited to tax Liability.
- Net Premium Tax Credit - For individuals that have their health care through the Marketplace.
- Earned Income Credit
- Excess Social Security and Tier 1 Withholding
- Additional Child Tax Credit For Dependents under age under 16 for taxpayers that did not make the full credit above.
- Credit for Federal Taxes Paid on Fuels (Farming Mainly)

Other Provisions

- **Net Premium Tax Credit** - call for information
- **The Individual Shared Responsibility Provision** - call for information
- **Earned Income Credit**

The maximum amount of credit for Tax Year 2017-18 is:

- \$6,318 with three or more qualifying children
 - \$5,616 with two qualifying children
 - \$3,400 with one qualifying child
- \$510 with no qualifying children Investment income must be \$3,400 or less for the year.**
- Maximum Credit Amounts—Income Level Applies**
- **New 2016—All Business Form 1065 are now due by March 15th, Extensions may be filed on or before.**

A penalty is assessed against the partnership if it is required to file a partnership return and it (a) fails to file the return by the due date, including extensions, or (b) files a return that fails to show all the information required, unless such failure is due to reasonable cause. The penalty is \$195 for each month or part of a month (for a maximum of 12 months) the failure continues, multiplied by the total number of persons who were partners in the partnership during any part of the partnership's tax year for which the return is due.

Wisconsin Departure from federal tax, there are approximately 51 additions and subtractions, too many to list here. Major additions or subtractions listed below:

- Capital Gains Tax 70% of Gain
- Taxable Social Security Subtracted
- Tuition Investment in state fund
- Tuition Paid to a Wisconsin University or higher Education
- Child Care if not all ready pre-taxed
- Health Insurance paid if not already pre taxed
- State income tax refund claimed on federal 1040
- Renters / Property Tax Credit Maximum \$300
- Married Couples Credit Maximum \$480
- Homestead Credit, Income less than \$24,680
- Add to state tax any sales tax not charged on goods or services purchased over the internet

**Please Call for any Questions
1-608-356-8883**