

Single taxpayers

If taxable income is over	But not over	Tax is	Plus	Of the amount over
\$0	\$9,700	10%		\$0
\$9,700	\$39,475	\$970	12%	\$9,700
\$39,475	\$84,200	\$4,543	22%	\$39,475
\$84,200	\$160,725	\$14,382.50	24%	\$84,200
\$160,725	\$204,100	\$32,748.50	32%	\$160,725
\$204,100	\$510,300	\$46,628.50	35%	\$204,100
\$510,300		\$153,798.50	37%	\$510,300

Heads of household

If taxable income is over	But not over	Tax is	Plus	Of the amount over
\$0	\$13,850	10%		\$0
\$13,850	\$52,850	\$1,385	12%	\$13,850
\$52,850	\$84,200	\$6,065	22%	\$52,850
\$84,200	\$160,700	\$12,962	24%	\$84,200
\$160,700	\$204,100	\$31,322	32%	\$160,700
\$204,100	\$510,300	\$45,210	35%	\$204,100
\$510,300		\$152,380	37%	\$510,300

Married taxpayers filing joint returns and surviving spouses

If taxable income is over	But not over	Tax is	Plus	Of the amount over
\$0	\$19,400	10%		\$0
\$19,400	\$78,950	\$1,940	12%	\$19,400
\$78,950	\$168,400	\$9,086	22%	\$78,950
\$168,400	\$321,450	\$28,765	24%	\$168,400
\$321,450	\$408,200	\$65,497	32%	\$321,450
\$408,200	\$612,350	\$93,257	35%	\$408,200
\$612,350		\$164,709.50	37%	\$612,350

Trusts and estates

If taxable income is over	But not over	Tax is	Plus	Of the amount over
\$0	\$2,600	10%		\$0
\$2,600	\$9,300	\$260	24%	\$2,600
\$9,300	\$12,750	\$1,868	35%	\$9,300
\$12,750		\$3,075.50	37%	\$12,750

Married taxpayers filing separate returns

If taxable income is over	But not over	Tax is	Plus	Of the amount over
\$0	\$9,700	10%		\$0
\$9,700	\$39,475	\$970	12%	\$9,700
\$39,475	\$84,200	\$4,543	22%	\$39,475
\$84,200	\$160,725	\$14,382.50	24%	\$84,200
\$160,725	\$204,100	\$32,748.50	32%	\$160,725
\$204,100	\$306,175	\$46,628.50	35%	\$204,100
\$306,175		\$82,354.75	37%	\$306,175

Long-term capital gains rates

Filing status	0% rate: Taxable income of	15% rate: Taxable income of	20% rate: Taxable income of
Married filing jointly	\$0 to \$78,750	\$78,751 to \$488,850	\$488,851 and over
Married filing separately	\$0 to \$39,375	\$39,376 to \$244,425	\$244,426 and over
Heads of household	\$0 to \$52,750	\$52,751 to \$461,700	\$461,701 and over
Single	\$0 to \$39,375	\$39,376 to \$434,550	\$434,551 and over

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NET INVESTMENT INCOME TAX

3.8% of the lesser of (1) net investment income or (2) the amount of modified adjusted gross income (MAGI) over these thresholds:

- Single: \$200,000.
- Married filing jointly and surviving spouses: \$250,000.
- Married filing separately: \$125,000.
- Heads of household: \$200,000.
- Estates and trusts: \$12,750.

SELF-EMPLOYMENT TAX

- Tax rate: 15.3% (12.4% OASDI tax plus 2.9% Medicare tax).
- Surtax: 0.9% Medicare surtax is applied to self-employment income in excess of \$200,000 (single), \$250,000 (married filing jointly), or \$125,000 (married filing separately).
- Wage base: \$132,900 of self-employment income for OASDI (maximum OASDI tax of \$16,479.60; no ceiling on Medicare tax).

KIDDIE TAX

Earned income taxed at rates for single individuals; net unearned income taxed at trusts and estates rates. Net unearned income is the excess of the child's unearned income over the sum of (1) \$1,100 plus (2) the greater of \$1,100 or the child's itemized deductions directly connected to the production of the unearned income.

PERSONAL EXEMPTION

Personal exemptions are suspended from 2018 through 2025. A deemed personal exemption amount of \$4,200 is used for purposes of determining who is a "qualifying relative" under Sec. 152(d)(1)(B).

STANDARD DEDUCTION

- Single: \$12,200.
- Married filing jointly and surviving spouses: \$24,400.
- Married filing separately: \$12,200 (\$0 if spouse itemizes deductions).
- Heads of household: \$18,350.

Additional standard deduction for 65+ and blind taxpayers:

- Single: \$1,650.
- Married filing jointly and surviving spouses: \$1,300.
- Heads of household: \$1,650.

Standard deduction for individuals who can be claimed as dependents is the lesser of (1) \$12,200 or (2) the greater of \$1,100 or \$350 plus the individual's earned income.

ITEMIZED DEDUCTIONS

The overall limitation on itemized deductions is suspended from 2018 through 2025. Miscellaneous itemized deductions subject to the 2%-of-adjusted-gross-income (AGI) floor are also suspended from 2018 through 2025.

TAX CREDITS

- **Earned income:** Maximum credit per number of qualifying children: \$529 (none); \$3,526 (one); \$5,828 (two); \$6,557 (three or more), subject to phaseouts.
- **Child:** \$2,000 per qualifying child under age 17. Up to \$1,400 is refundable to the extent of 15% of the taxpayer's earned income in excess of \$2,500 or, for a taxpayer with three or more qualifying children, the excess (if any) of (1) the taxpayer's Social Security taxes for the tax year over (2) the earned income tax credit for the tax year. The credit is not refundable for taxpayers who exclude income under Sec. 911. To be a qualifying child, the child must be the taxpayer's dependent, a U.S. citizen, national, or resident and must have a Social Security number. Phases out with MAGI above \$200,000 (\$400,000 for married filing jointly). An additional \$500 nonrefundable credit is available for each dependent of the taxpayer who is not a qualifying child (but must be a U.S. citizen, national, or resident).
- **Adoption expense:** \$14,080 maximum. Phases out with MAGI between \$211,160 and \$251,160.

- **American opportunity:** \$2,500 per-year maximum (100% of the first \$2,000 of qualifying expenses and 25% of the next \$2,000), with 40% of the credit refundable unless the taxpayer is a child subject to the kiddie tax. Phases out for single taxpayers with MAGIs between \$80,000 and \$90,000 (\$160,000 and \$180,000 for married filing jointly).
- **Lifetime learning:** 20% of up to \$10,000 of qualified tuition and related expenses. Phases out between \$58,000 and \$68,000 of MAGI for single filers and from \$116,000 to \$136,000 for married filing jointly.
- **Sec. 25D residential energy-efficient property:** 30% of amount paid for qualifying property (for qualified fuel cell property, maximum credit of \$500 for each 0.5 kilowatt of capacity).
- **Small business health insurance:** 50% of amount of nonelective contributions an eligible small business makes on behalf of its employees for premiums for health insurance (35% credit against payroll tax for tax-exempt entities). Available for two consecutive tax years. Phases out for employers with between 10 and 25 full-time-equivalent employees and average annual wages of between \$27,100 and \$54,200.

STANDARD MILEAGE RATE

- **Business:** 58 cents per mile. Business mileage is no longer deductible as an unreimbursed employee business expense, except for members of a reserve component of the U.S. armed forces, state or local government officials paid on a fee basis, and certain performing artists.
- **Medical and moving:** 20 cents per mile. Moving mileage is deductible only by U.S. armed forces members on active duty who move pursuant to a military order and incident to a permanent change of station to whom Sec. 217(g) applies.
- **Charitable services:** 14 cents per mile.

For business autos for which the optional business standard mileage rate is used, the portion treated as depreciation is 26 cents per mile.

SEC. 179 AND BONUS DEPRECIATION

- **Sec. 179 expense deduction:** \$1,020,000 with a phaseout threshold of \$2,550,000.
- **Sec. 168(k) bonus depreciation:** 100% of adjusted basis of qualifying property in the first year it is placed in service (for property placed in service after Sept. 27, 2017).

RETIREMENT PLAN LIMITS

- **Maximum 401(k) plan elective deferral:** \$19,000 (plus \$6,000 catch-up for age 50+).
- **Defined benefit plan maximum benefit:** \$225,000.
- **Defined contribution plan contribution limit:** \$56,000 or 100% of compensation, whichever is less.
- **IRA contribution limit:** \$6,000 (plus \$1,000 catch-up for age 50+).
- **IRA deduction phaseout for active participant in a workplace retirement plan:** MAGI from \$103,000 to \$123,000 (married filing jointly); \$64,000 to \$74,000 (single taxpayers and heads of household); \$0 to \$10,000 (married filing separately); \$193,000 to \$203,000 (individual who is not an active participant in a workplace retirement plan whose spouse is an active participant in a workplace retirement plan).
- **Roth IRA contribution limit:** \$6,000 (plus \$1,000 catch-up for age 50+).
- **Roth IRA contribution limit phaseout (MAGI):** \$193,000 to \$203,000 (married filing jointly); \$122,000 to \$137,000 (single and heads of household); \$0 to \$10,000 (married filing separately).
- **SEP minimum required compensation:** \$600; compensation limit for determining maximum allowable contributions by employer: \$280,000.

C CORPORATION INCOME TAX

- Taxable income of a C corporation: Taxed at a flat rate of 21%.

QUALIFIED PERSONAL SERVICE CORPORATION TAX

- Taxable income of a qualified personal service corporation is no longer subject to tax at a flat rate of 35% but is taxed at the regular corporate tax rate of 21%.

ACCUMULATED EARNINGS TAX

- 20% of accumulated taxable income (in addition to regular corporate income tax).

PERSONAL HOLDING COMPANY TAX

- 20% penalty on undistributed personal holding company income.
- No foreign tax credit allowed against personal holding company tax.

SELF-EMPLOYMENT TAX

- Tax rate: 15.3% (12.4% OASDI tax plus 2.9% Medicare tax).
- Surtax: 0.9% Medicare surtax on self-employment income in excess of \$200,000 (single), \$250,000 (married filing jointly), or \$125,000 (married filing separately).
- Wage base: \$132,900 of self-employment income for OASDI (maximum OASDI tax of \$16,479.60; no ceiling on Medicare tax).

SOCIAL SECURITY TAX

- Tax rate: 7.65%, imposed on both employer and employee (6.2% OASDI tax plus 1.45% Medicare tax).
- Wage base: \$132,900 of wages for OASDI (maximum OASDI tax of \$16,479.60; no ceiling on Medicare tax).

FEDERAL UNEMPLOYMENT TAX

- Tax rate: Employers pay 6% on the first \$7,000 of wages paid to each employee.

- Credit: Maximum amount of 5.4% for contributions paid to state unemployment insurance funds.

ESTIMATED TAX

- Corporations owing \$500 or more in income tax for the tax year must make estimated tax payments equaling the lesser of 100% of the prior-year or current-year tax liability. Large corporations must base the last three payments on the current-year tax liability.
- Due on the 15th day of the fourth, sixth, ninth, and 12th months of the corporation's tax year (April 15, June 15, Sept. 15, and Dec. 15 for calendar-year corporations).

CORPORATE ALTERNATIVE MINIMUM TAX (AMT)

- Starting in 2018, the AMT no longer applies to corporations.

NONRESIDENT AND FOREIGN CORPORATIONS

- Taxed on U.S.-source investment income at 30% (or lower under treaty).
- Net income effectively connected with a U.S. trade or business taxed at regular U.S. tax rates.
- Accumulated earnings tax of 20% of accumulated taxable income.
- Branch profits tax of 30% on dividend equivalent amount.
- 4% tax on U.S.-source gross transportation income that is not effectively connected with a U.S. trade or business.

FILING DEADLINES

- Form 1120, *U.S. Corporation Income Tax Return*: April 15 for calendar-year corporations (extension to Oct. 15 available (Form 7004, *Application for Automatic Extension of Time to File Certain Business Income Tax, Information, and Other Returns*)); 15th day of the fourth month following the close of the corporation's tax year for fiscal years ending other than June 30 (six-month extension



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Business tax quick guide — tax year 2019

available); Sept. 15 for corporations with a June 30 fiscal year end (extension to April 15 available).

- Form 1065, *U.S. Return of Partnership Income*: 15th day of the third month following the close of the partnership's tax year (six-month extension available (Form 7004)).
- Form 1065, Schedule K-1, *Partner's Share of Income, Deductions, Credits, etc.*: Due to partners on or before the date the partnership files Form 1065.
- Form 1120S, *U.S. Income Tax Return for an S Corporation*: 15th day of the third month following the close of the corporation's tax year (six-month extension available (Form 7004)).
- Form 1120S, Schedule K-1, *Shareholder's Share of Income, Deductions, Credits, etc.*: Due to shareholders on or before the date the S corporation files Form 1120S.

STANDARD MILEAGE RATE

- For business use of auto: 58 cents per mile (note that unreimbursed employee business expenses are no longer deductible as a miscellaneous itemized deduction).
- Deemed depreciation: 26 cents per mile.

GLOBAL INTANGIBLE LOW-TAXED INCOME

- U.S. persons owning 10% or more of the stock (by vote or value) of a controlled foreign corporation (CFC) must include in currently taxable income "global intangible low-taxed income" (GILTI), effective with the CFC's first tax year beginning after Dec. 31, 2017, regardless of whether any amount is distributed to the shareholder.
- Corporations may claim a deduction of 50% of GILTI.
- U.S. persons owning 10% or more of the stock (by vote or value) of a "deferred foreign income corporation" must increase the foreign corporation's Subpart F income for the last tax year of the foreign corporation that begins prior to Jan. 1, 2018, by an amount equal to its "accumulated post-1986 deferred foreign income." Taxpayers generally may elect to pay the tax resulting from the inclusion in eight annual installments.

FOREIGN-DERIVED INTANGIBLE INCOME

- Domestic corporations (other than regulated investment companies and real estate investment trusts) can deduct 37.5% of the corporation's "foreign-derived intangible income."

BUSINESS INTEREST DEDUCTIONS

- Business interest deductions are limited to the sum of (1) business interest income; (2) 30% of the taxpayer's adjusted taxable income for the tax year; and (3) the taxpayer's floor plan financing interest for the tax year.
- Any disallowed business interest deduction can be carried forward indefinitely (with certain restrictions for partnerships).

NET OPERATING LOSSES

- Limited to 80% of taxable income.
- Can be carried forward indefinitely; cannot be carried back (except for farming businesses).

LIKE-KIND EXCHANGES

- Limited to real property not primarily held for sale.

TRAVEL PER-DIEM RATES

- High-low method: \$287 per day (\$71 for meals) through Sept. 30, \$297 per day (\$71 for meals) after Sept. 30, for high-cost localities; \$195 per day (\$60 for meals) through Sept. 30, \$200 per day (\$60 for meals) after Sept. 30, for other localities in the continental United States (CONUS).
- Transportation industry meals and incidentals: \$66 per day (CONUS); \$71 per day (outside CONUS).

SEC. 179 AND BONUS DEPRECIATION

- Sec. 179 expense deduction: \$1,020,000 with \$2,550,000 threshold limit.
- Bonus depreciation: 100% of the cost of eligible property placed in service in 2019.

DIVIDENDS-RECEIVED DEDUCTION

- From a domestic corporation: 50%.
- From a corporation owned 20% or more: 65%.
- From a member of an affiliated group when filing a separate return: 100%.
- From a qualified 10%-owned foreign corporation: 50% of the U.S.-source portion; 100% of the foreign-source portion.

S CORPORATIONS

- Built-in gains tax: Corporate tax rate times net recognized built-in gain (imposed during the recognition period on S corporations that were formerly C corporations).
- Excess net passive income tax: Imposed if an S corporation has accumulated earnings and profits at the end of the tax year and its passive investment income exceeds 25% of the corporation's gross receipts. Corporate tax rate times excess net passive income.
- LIFO recapture amount: Excess (if any) of the inventory amount under FIFO over the inventory amount under LIFO at the close of the S corporation's last C corporation tax year must be included in the corporation's gross income.

Business auto depreciation limits

For vehicles placed in service during 2019.

	Year 1	Year 2	Year 3	Years 4–6
Passenger automobiles*	\$10,100	\$16,100	\$9,700	\$5,760
Passenger automobiles with bonus depreciation*	\$18,100 [†]	\$16,100	\$9,700	\$5,760

* Including trucks and vans.

[†] \$14,900 if acquired before Sept. 28, 2017.