

DEPRECIATION/AMORTIZATION

- 3 - Year Assets** (200% DB) Dies, molds, small tools
- 3 - Year Assets** (Straight-line) Computer software (if separately stated from hardware)
- 5 - Year Assets** (200% DB) Autos, light-/heavy-duty trucks, computers, typewriters, copiers, medical equipment, construction equipment, wholesale/retail equipment, private aircraft, some manufacturing equipment
- 7 - Year Assets** (200% DB) Most manufacturing equipment, office furniture, printing equipment
- 15 - Year Assets** (Straight-line) Intangible assets including goodwill, going concern value and covenants not to compete
- 27.5 - Year Assets** (Straight-line) Rental houses, apartments, low-income housing
- 39 - Year Assets** (Straight-line) Commercial and industrial buildings, office buildings, shopping centers, warehouses, manufacturing facilities

ANNUAL RECOVERY

Percent of Original Depreciable Basis Under 200% DB Method

Recovery Year	1	2	3	4	5	6	7	8
Class								
3 year	33.33	44.45	14.81	7.41				
5 year	20.00	32.00	19.20	11.52	11.52	5.76		
7 year	14.29	24.49	17.49	12.49	8.93	8.92	8.93	4.46

SECTION 179 EXPENSE DEDUCTION

Small Business taxpayers may elect to expense \$1,020,000 million of certain new or used qualifying depreciable property placed in service in tax year 2019. Deduction is phased-out if the cost of qualifying property placed in service during the year exceeds \$2.55 million.

SPECIAL (BONUS) DEPRECIATION ALLOWANCE

Bonus depreciation allowance can be claimed for qualified property placed in service:

- 100% for 2018 through 2022
- 80% for 2023
- 60% for 2024

2019 STANDARD MILEAGE DEDUCTIONS

Use - Business.....	\$0.58 per mile
Charitable.....	\$0.14 per mile
Medical.....	\$0.20 per mile
Moving - only for those serving in the military.	

RETIREMENT PLAN LIMITS

INDIVIDUAL LIMITATIONS

	Under Age 50	Age 50 & Up
IRA	\$6,000 (a)	\$7,000 (a)
Roth IRA	\$6,000 (b)	\$7,000 (b)
401(k)/SARSEP Salary Deferrals	\$19,000	\$25,000
SIMPLE Plans	\$13,000	\$16,000

PROFIT SHARING PLANS

- Corporate.....100% up to \$56,000 (c)
- SEP – self-employed.....20% up to \$56,000 (d)
- SEP – employee.....25% up to \$56,000
- (a) Phaseout for deducting IRA contributions (qualified plan participants):
- Joint:.....\$103,000 - \$123,000 AGI
- Single or HOH:.....\$64,000 - \$74,000 AGI
- (b) Phaseout of Roth contribution eligibility:
- Joint:.....\$193,000 - \$203,000 AGI
- Single or HOH:.....\$122,000 - \$137,000 AGI
- (c) Overall plan is limited to 25% of total compensation of all eligible employees.
- (d) Of net self-employed income after 1/2 self-employment tax deduction.

SOCIAL SECURITY BENEFITS

Maximum earned income limit:

	Annual	Monthly
Ages 62-65 years	\$17,640	\$1,470
Months before individual reaches age 66	\$46,920	\$3,910
Months after age 66	No Limit	No Limit

TAXABLE SOCIAL SECURITY

Social Security received is taxable if AGI, plus tax-exempt interest, plus one-half of Social Security received, exceeds these base amounts:

The taxable amount is the lesser of:

- a. Percent of the excess over the base amount, or
- b. 85% of benefit received

Base Amount For	50% Over Base	85% Over Base
Married Filing Jointly	\$32,001 - \$44,000	\$44,001+
Single/Head of Household	\$25,001 - \$34,000	\$34,001+
Married Filing Separately	\$0	\$0

HANDY TAX GUIDE 2019

HANDY TAX GUIDE 2019

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INDIVIDUAL INCOME TAX RATES

2019 REGULAR TAX

MARRIED TAXPAYERS FILING JOINTLY OR SURVIVING SPOUSES

Taxable Income Over	But Not Over	Is Taxed At
\$ 0	\$ 19,400	10%
\$ 19,400	\$ 78,950	12%
\$ 78,950	\$ 168,400	22%
\$ 168,400	\$ 321,450	24%
\$ 321,450	\$ 408,200	32%
\$ 408,200	\$ 612,350	35%
\$ 612,350		37%

SINGLE TAXPAYERS

Taxable Income Over	But Not Over	Is Taxed At
\$0	\$9,700	10%
\$9,700	\$39,475	12%
\$39,475	\$84,200	22%
\$84,200	\$160,725	24%
\$160,725	\$204,100	32%
\$204,100	\$510,300	35%
\$510,300		37%

HEADS OF HOUSEHOLD

Taxable Income Over	But Not Over	Is Taxed At
\$0	\$13,850	10%
\$13,850	\$52,850	12%
\$52,850	\$84,200	22%
\$84,200	\$160,700	24%
\$160,700	\$204,100	32%
\$204,100	\$510,300	35%
\$510,300		37%

ESTATES & TRUSTS

Taxable Income Over	But Not Over	Is Taxed At
\$0	\$2,600	10%
\$2,600	\$9,300	24%
\$9,300	\$12,750	35%
\$12,750		37%

INDIVIDUAL INCOME TAX RATES

ALTERNATIVE MINIMUM TAX (AMT)

Tax Rate on AMTI	26% up to	\$194,800
	28% over	\$194,800

	Exemption Amt.	Phase-Out Threshold
Married Filing Jointly	\$111,700	\$1,020,600
Married Filing Separately	\$55,850	\$510,300
All Individual Taxpayers	\$71,700	\$510,300

DEDUCTIONS & EXEMPTIONS

	Standard Deduction*	Elderly or Blind**
Married Filing Jointly	\$24,400	\$1,300
Single	\$12,200	\$1,650
Head of Household	\$18,350	\$1,650
Married Filing Separately	\$12,200	\$1,300
Dependent of Another	\$1,100	

*You are allowed to deduct the greater of your standard deduction or your itemized deductions.

PERSONAL EXEMPTIONS - REPEALED

DEDUCTION LIMITATIONS

Section 199A Qualified Business Income Deduction: 20% of domestic qualified business income (multiple limitations apply).

Medical & Dental Expenses: Excess over 7.5% AGI.

State & Local Taxes: \$10,000 maximum deduction.

Mortgage Interest Deduction: Limited to \$750,000 of principal for post 12/15/17 acquisition indebtedness.

DEDUCTIONS REPEALED

- Miscellaneous itemized deductions.
- Interest on home equity indebtedness.
- Moving expenses.

CREDITS

Tax credits of \$2,000 per child and \$500 per non-child dependent begin to phase out for taxpayers with modified adjusted gross income exceeding \$400,000 for joint and \$200,000 for single filers.

ESTIMATED TAX PAYMENTS

To avoid possible underpayment penalties, you are generally required to pay in through withholding or estimated tax payments the lesser of:

1. One hundred percent of prior-year tax liability, (110% if AGI >\$150,000) or,
2. Ninety percent of current-year tax liability.

2019 ESTIMATED TAX PAYMENTS FOR INDIVIDUALS ARE DUE BY:
April 15 • June 17 • September 16 • January 15, 2020

NET INVESTMENT INCOME MEDICARE SURTAX

The net investment income surtax on individuals equals 3.8% of the lesser of:

- Net investment income*, or
- The excess, if any, of
- The individual's modified adjusted gross income, over the threshold amount.

Filing Status	Threshold Amount
Married Filing Jointly	\$250,000
Married Filing Separately	\$125,000
Single, Head of Household	\$200,000

*Common types of "net investment income" include interest, dividends, annuities, royalties, rents, net capital gain on investments, passive activities.

CAPITAL GAIN & QUALIFIED DIVIDEND TAX RATES FOR NONCORPORATE TAXPAYERS

Single Taxpayer	Married Filing Jointly	Capital Gain Tax Rate*	Net Investment Income Medicare Surtax**	Combined Tax Rate
\$0 to \$39,375	\$0 to \$78,750	0%	0%	0%
\$39,376 to \$200,000	\$78,751 to \$250,000	15%	0%	15%
\$200,001 to \$434,550	\$250,001 to \$488,850	15%	3.8%	18.8%
\$434,551	\$488,851	20%	3.8%	23.8%

* Short-term capital gains (held less than 12 months) are taxed at the same rate as ordinary income, gains on collectibles (including metals) are taxed at 28%, recapture gains on real estate are taxed at 25%.

** The 3.8% Net Investment Income Medicare surtax only applies to "net investment income" as defined in IRC 1411.

ESTATE TAX RATES

The estate tax and gift tax exemption for 2019 is \$11.4 million. The estate and gift tax rate on amounts in excess of \$11.4 million is 40%. The estate tax exemption is portable between spouses resulting in a \$22.8 million exemption per couple regardless of ownership of assets.

ANNUAL GIFT TAX EXCLUSION

Gifts per person.....\$15,000
 Joint gifts by spouses.....\$30,000

BUSINESS PROVISIONS

- Corporate income taxed at a flat rate of 21%.
- Corporate Alternative Minimum Tax repealed.

DEDUCTIONS REPEALED

- Business Entertainment Expenses.
- Net operating loss carryback – may be carried forward indefinitely.

EMPLOYMENT TAX RATES

Employer	Tax Rate	Wage Base
Social Security	6.20%	\$132,900
Medicare	+1.45%	No limit
	=7.65%	
Employee	Tax Rate	Wage Base
Social Security	6.20%	\$132,900
Medicare	+1.45%	No limit
	=7.65%	
Self Employed	Tax Rate	Income Base
Social Security	12.40%	\$132,900
Medicare	+2.90%	No limit
	=15.30%	

*Additional 0.9% Medicare tax is imposed on individuals who receive wages or self-employment income in excess of \$200,000 (\$250,000 for joint return, \$125,000 for married filing separate).



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