HOW THE NEW TAX LAW AFFECTS YOUR RETURN

The new tax legislation is a hot topic! To help you understand how the latest tax bill will impact your finances and your tax return, we’ve prepared the following information that summarizes the high points of the tax changes.

- **Here’s what you need to know for right now:**
  - Your Standard Deduction will be much larger. This means that even if you have usually itemized deductions in the past, it may be more beneficial for you to take the standard deduction.
  - Like tax year 2016 and 2017, if you receive the Earned Income Tax Credit (EITC) or Additional Child Tax Credit (ACTC), the IRS will delay processing to hold your refund until after February 15.
  - You will no longer be able to claim personal exemptions (for yourself and your spouse), or dependency exemptions (for your children and other relatives).
  - If you have non-child dependents, you may qualify for a new $500 credit.
  - If you have children under age 17, you may get a larger Child Tax Credit that will increase your refund.
  - If your children have ITINs, you will not be able to claim the Child Tax Credit for 2018. If you have several children under age 17 with ITINs, this could reduce your refund by several thousand dollars.
  - Your tax bracket, which determines the percentage used to compute your income tax, may change.
  - If you are self-employed, you may qualify for a new deduction that will reduce the taxable amount of your self-employment income. Note that this will reduce your income tax but not your self-employment tax.
  - As a result of all these changes, you may be asked to submit a new W-4 to your employer to revise your withholding allowances.
  - The health insurance mandate is still in effect for 2018. This means that for all of 2018, taxpayers must have had health insurance or a health insurance exemption to avoid a penalty.

- **Here are some tips for what you can do to prepare for next year:**
  - Plan ahead so that you are not relying on an early refund to cover debts or bills.
  - Consider revising your W-4 to avoid having too little – or too much – income tax withholding.