TAXWARE TIMES

SUMMER 2018

SINCE 1979

A LETTER FROM US

Summer has been really exciting here at Taxware Systems. We have been hard at work with the continued development of our Wintax NextGen system, enhancements to our website and branding, as well as many customer requested modifications.

This past tax season the majority of our clients had a successful tax season using our Wintax NextGen system and all the benefits that this enhanced, yet similar program provides. With the broader pool of clients using Wintax NextGen, we were able to quickly make early adjustments to the program as well as add many new features from client feedback.

I won't be able to list all the enhancements in this article, but I will mention a few that are some of my personal favorites:

- All supported federal forms and schedules are native within the Wintax NextGen program.
- The A2A E-File tracking history has been redesigned for a more client friendly experience.
- The Auto-Update system will now run in the background and be less conspicuous.
- "Hot Key Notes" were added to the screen based on the list provided by you, our clients.
- The input cursor is much easier to see, and active input fields are highlighted with a blue border.
- Some state return areas of the program that still use Legacy are integrated even more seamlessly.
- Additional bank partner integration continues to be enhanced.

We have had the opportunity to take the Wintax NextGen system to this year's early IRS Tax Forums. The feedback has been amazing! We were definitely the buzz at the last IRS seminar. A lot of hard work has gone into the new application, so it has been exciting to receive such a positive response.

We are excited about these, and many more new developments, that will benefit you as you serve your clients. We value your business and the trust you place in us. Thank you for choosing to work with us at Taxware Systems.

Scott Dalton
VICE PRESIDENT

NEXTGEN TRAINING WEBINAR SCHEDULE

The Wintax NextGen training webinars will be hosted through GoToMeeting. Space is limited, so if you are interested in attending please email your registration right away.

In your registration email please include your client ID, the email address for each computer that will be logging in, the date you wish to attend and add "Wintax NextGen Training" in the subject line. Send it to support@taxwaresystems.com and we will follow up with an email that includes the access code required for entry to the webinar.

September 19th, 2018 at 9:00AM PST
September 25th, 2018 at 9:00AM PST
October 4th, 2018 at 9:00AM PST

TAXWARE SYSTEMS ANNUAL SEMINAR

Mark your calendars for our annual seminar scheduled for Monday, January 7th. It is a busy time of year but we know that you will find value in joining with us to learn about the final changes in the tax laws, how they have been incorporated into the Wintax NextGen program, and meeting together to kick off the new season. We have consolidated the agenda into one day and will have a breakfast and lunch included. We look forward to meeting face to face with our clients and encourage you to attend.

More information will follow as we get closer to the event.
taxwaresystems.com/seminar

The seminar will be held at Azure Hotel and Suites. For hotel reservations be sure to mention you will be attending the Taxware Seminar for a special rate.

January 7th, 2019 at 9AM - 5PM PST

Azure Hotel and Suites
Phone: 909.390.7778

1945 E. Holt Blvd.
Ontario, CA 91761

TAX PLANNING

Some of the most common questions we are fielding this year are regarding the "The Tax Cuts and Jobs Act of 2017" and how it affects the taxpayers taxes. It's understandable as people are either excited or concerned about the unknown. To help answer this question we have one of our most powerful tools called "Tax Planning".

This is a tool that is embedded inside your program so there is nothing to add or install. Simply make sure your Wintax program is up to date and you are ready to use it. Please check out the tutorial on our blog linked below to learn how to use this feature in our Wintax program.

taxwaresystems.com/take-the-mystery-out-of-your-clients-future-tax-return/

WEBSITE UPDATES

We are putting the finishing touches on our new archive program download page. If you need to do a prior year tax return this page will enable you to download prior year programs so there is no need to hold on to your installation CD's from prior years. After the archive page is finished the next item on our web page list is to launch the program message board system. We will keep you posted on its development in the near future.

TECH TIPS

Did you know with the Wintax NextGen program, you can reprint and reprocess "rehang" your previously electronically filed acknowledgements whenever you may need them? Visit the tutorial on our blog linked below to learn about one of our favorite features in Wintax NextGen.

taxwaresystems.com/tech-tips-acknowledgements/

LEGACY WINTAX TRANSITION

With the majority of our clients using Wintax NextGen, we will be retiring our Legacy Wintax program for the 2018 tax season. Although the framework, and mouse-free features are the same in both programs, we understand that sometimes it can be a little intimidating to transition. We want to help put your mind at ease. Here is a list of some tips to help you get comfortable with the new program.

- **Play with the Program** - Please download the latest 2017 Wintax NextGen program from our website. Our instructional videos are all based on the NextGen program. We would recommend that you watch our "how to" videos and play with the new program over the summer months.
- **Set Your Datapath** - The data files are completely compatible between the Legacy and NextGen systems. There is no conversion of data files or anything else. You can simply point your NextGen data folder to your Legacy data folder and recall clients as normal.
- **Review the Manual** - The Wintax manual has been updated with NextGen menus and is available for download on our website.
- **Attend a Webinar** - Training webinars will be held specifically for our current clients. These will give you a detailed walk through of the NextGen system and allow you to ask any questions that you might have. See the dates listed in this newsletter and be sure to register early as attendees are limited for each session.
- **Give Us a Call Today** - If you need some additional help setting up or understanding the new system our technicians are here to help you. We would encourage you to start this summer while the call volume is slower so that you can get the help you need.

Although the program looks a little different, it actually does flow virtually the same. Because of this, there will only be a slight learning curve. Once you get into a return or two, you too will see that the benefits outweigh the challenge of the transition.

We look forward to providing the same quality personal service that we are known for again this upcoming tax season.

Call us today!

Get a one on one tour through our Wintax NextGen Individual program!

800.877.1065

NEW TAX LAW UPDATES

As many of you are aware, we have incorporated the basics of the new tax law in our tax planning module for 2017 individual tax. This has been very easy to use and provides a quick answer for your clients. Since the law was passed it seems there is more available clarification every day. I'll go over some of the key provisions to update your awareness:

1. Individual tax changes are not permanent. They expire after 2025. Entity changes are permanent. However, there is an indication that legislation may be forthcoming to make the individual provisions permanent.

2. Schedule A home mortgage interest is limited to acquisition debt of $750,000 for loans after 12-14-17, down from $1,000,000. Older loans are still subject to the $1,000,000 cap. Loan proceeds used for other than acquiring or improving a home will not qualify. The rules apply to both a principal and second home.

3. The deduction for personal exemptions is eliminated.

4. All Schedule A miscellaneous deductions subject to the 2% floor are eliminated. This includes employee business expenses, union dues, tax preparation fees and investment management fees.

5. Alimony payable under post-2018 divorce decrees will no longer be deductible, but the proceeds will not be taxable to the recipient.

6. Itemized deductions will not be phased out for higher income taxpayers.

7. Charitable contributions are still deductible but the former 50% of AGI limitation is now 60%.

8. Medical expense previously subject to the excess over 10% of AGI is moved back to 7.5%.

9. Schedule A taxes including property tax, sales tax, and state income tax is limited to a combined total of $10,000.

10. There are still 7 tax brackets, but the rates are reduced. These have been incorporated into the tax planning program.

11. Capital gains and qualified dividends have rates tied to income thresholds. There will be no tax on these items if the taxable income is less than $38,600 for singles and $77,200 on joint returns. A 15% rate applies for taxable incomes above these amounts until the income is $425,800 for singles and $479,000 for joint returns above which the rate is 20%.

12. The 3.8% surtax on investment income remains, applying to singles with AGI over $200,000 and $250,000 for married couples.

13. Alternative minimum tax is still applicable but with higher exemptions: $109,400 for joint returns and $70,300 for singles and heads of households. And, the exemption phaseout starts at $500,000 for singles and heads of household and $1,000,000 for couples.

14. The Obamacare individual mandate that you have to have health insurance is still in the law for 2018.

15. The child tax credit increases to $2,000 for each dependent under age 17 with up to $1,400 refundable to low-income taxpayers. The income phaseout thresholds are much higher at $200,000 for filers other than couples and $400,000 for them.

16. There is a new nonrefundable credit for each dependent who is not a qualifying child.

17. There is a new 20% deduction for qualifying income from passthrough entities. These entities include sole proprietors, S corporation shareholders, partners in partnerships and LLCs. W-2 income received from the entities are not qualifying income. If taxable incomes exceed $315,000 for marrieds and $157,000 for all others, qualifying income excludes income from service fields such as health, law, accounting, financial services, performing arts, consulting, etc. Portfolio income such as dividends, interest, and capital gains are also excluded regardless of the taxable income thresholds. If income exceeds the thresholds there is also a W-2 wage limitation and a percentage of depreciable property limitation. This applies to all, even if not engaged in a service business. It would seem that input will be required to indicate that the passthrough entity is or is not a service trade or business and also for the W-2 wages paid by the entity as well as the basis of depreciable property. The basic conclusion is that taxpayers with incomes below the threshold will receive the 20% deduction for all income from passthrough entities other than portfolio, W-2 and capital gain income. Those with incomes above the threshold will have to work through the complexities.

18. The 9% domestic production deduction is eliminated.

19. Firms that pay family or medical leave to their workers get a new credit of 12.5% of the amount of wages paid during the leave period.

20. There is a 100% bonus depreciation deduction available for assets placed in service after 9-27-17. This is temporary and starts phasing out in 2022 at 20% per year. Business assets may be deducted up to $1,000,000, up from $500,000.

I hope this helps clarify some of the new changes.
As more information becomes available we will continue to update our tax planning module and write additional blog posts.

King Dalton, CPA
FOUNDER OF TAXWARE SYSTEMS

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REFER-A-FRIEND PROGRAM

Did you know if you refer someone to us, and they sign up, you get $100 off your software?

Have your friends call us today at 800-877-1065, so they can also -

EXPERIENCE THE TAXWARE DIFFERENCE

Will we see you there?

Stop by our booth and we will enter you into a drawing for a $50 Visa Gift Card. If you bring a friend to introduce to Taxware, you will receive a second entry for the drawing. We will have one drawing at each show.

IRS Nationwide Tax Forum

Aug. 20th-22nd: Chicago, IL Booth #424 | **Sept. 10th-12th: Orlando, FL Booth #507**