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TAX CUTS AND JOBS ACT

In December of 2017 Congress passed The Tax Cuts and Jobs Act which marked the most sweeping rewrite of the income tax code in more than thirty years. When you filed your 2017 tax return you most likely noticed very little difference from previous years as most of the law changes were effective for the 2018 tax year to be filed in early 2019. Although it is impossible to cover all of the many changes that result from the new law in this short article, it is hard to imagine any taxpayer that won't be affected in one way or another by the new rules.

For many taxpayers, taxes represent the single biggest annual household or business expense. For those who haven't assessed their tax strategy recently, I can't think of a better time than now to re-evaluate your tax plan.

The new tax law creates favorable results for certain members of the business community by incorporating a new 20% deduction for certain passthrough businesses and a lowered C Corporation tax rate. Some of the biggest changes that will affect most individual taxpayers include a doubling of the standard deduction, limitations on certain itemized deductions, and an elimination of personal exemptions. Individual tax bracket rates have also been reduced with most tax brackets seeing a reduction of a few percentage points at each income level. For families the new law calls for a doubling of the child tax credit and expands the number of taxpayers who will qualify for claiming the credit. These examples are just a few of the many changes that you will notice when you file your tax return in the coming months.

Each individual and business tax situation is unique, and your tax plan should be tailored to those unique characteristics. A tax advisor can be a valuable resource in these changing times to help you navigate the new rules and to assist you in developing a plan to minimize your tax burden.