

BOBSERVATIONS

LOTS OF INTERESTING STUFF

from Robert D Flach

<https://robertdflach.blogspot.com>

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Happy New Year!



STARTING THE YEAR OFF RIGHT

Now is the time for all good taxpayers to come to the aid of their 2019 tax return. You read it right. I said 2019 return, and not 2018 return. If you want to make 2019 “less taxing” it is important that you start the year off right.

Here is a list of things to do -

1) Resolve to become more informed on federal and state income tax laws. You cannot know the right moves to make in your daily financial life without a basic knowledge of the tax implications of your actions.

Learn what you can, and cannot, deduct on your tax return, and the rules governing any special situations that apply to you, and keep up to date on federal and state tax law changes.

Even if you use a tax professional to prepare your return, the more informed you are on tax matters, the more prepared you will be when go to your annual appointment.

You have taken the first step by subscribing to this newsletter. I also suggest you “subscribe” to my The Wandering Tax Pro (<http://wanderingtaxpro.blogspot.com>) posts by entering your email address where indicated at the top of the right-hand margin of the blog.

2) Set up a good filing system for your tax records and receipts. You must keep good contemporaneous records of all your income and deductions. Be aware that some deductions may require special recordkeeping.

Here is one suggestion. Go out and buy an accordion file folder. Label the first pocket “Tax Returns”. This is where you will put your copy of your completed federal and state income tax returns. Label the second pocket “Information Returns”. As you begin to receive Form W-2s, 1099s, 1098s, K-1s, etc. next January and February put them in this pocket. The remaining pockets should be labeled for the types of income and deductible expenses. During the year put all acknowledgements, statements, receipts, and other documentation for these items in the applicable pocket.

It is better to save too many receipts than too little. Even if you don't think you will be able to itemize, it is a good idea to keep records and receipts for all "itemizable" expenses just in case. And remember, while you may not be able to itemize on the federal return you may still be able to claim deductions on your state return. Keep records and receipts during the year with the assumption that your return will be audited. While chances are this will not happen, if your return is chosen for review it will be a blessing to have everything well documented in advance rather than having to start from scratch and reconstruct the necessary supportive documentation.

Very important – **if you have not already done so it is vital that you separately track “acquisition debt” and “home equity debt” for your personal residences going back to the original purchase mortgage for each property and forward through all subsequent refinancing and consolidations.** See my “Shameless Self Promotion” later in this issue for information on my “Mortgage Interest Guide” that provides worksheets and a detailed example to help you do this. Interest on home equity debt is no longer deductible!

3) If you plan to contribute to a traditional or Roth IRA, a Coverdell Education Savings Account, a Section 529 College Savings Plan, a Health Savings Account, or an ABLE account for tax year 2019 do it today.

Thanks to tax-free compounding, by making your contributions as early as possible each year, instead of waiting until the deadline, you will have much more money in the accounts when you are ready to retire, or need the money to pay for education, medical or disability expenses.

4) Make sure, if you are financially able to do so, that you have the maximum amount set aside in your employer's 401(k), 403(b) or 457 pension plans. And also consider contributing to a ROTH (if available) or traditional IRA.

The 2019 maximum contributions for tax-deferred pension plans are:

- IRA = \$6,000
- IRA Catch-Up Contributions at age 50 and older = \$1,000
- SIMPLE Plan = \$13,000
- SIMPLE Catch-Up Contributions at age 50 and older = \$3,000
- 401(k), 403(b), 457, and federal Thrift Savings Plan (tsp) = \$19,000
- 401(k), 403(b), 457, and federal Tsp Catch-Up Contributions at age 50 and older = \$6,000
- SEP or Solo401(k) plan = \$56,000. SEP and Solo401(k) contributions are based on a percentage of “compensation” or adjusted net earnings from self-employment.

5) If you legally changed your name, or the name of a dependent, for any reason during the year (and have not already done so) officially change the name with the Social Security Administration by requesting a new Social Security card at the SSA.gov website.

If a couple was married in 2018 and the wife took the new husband's last name (Jane Jones became Jane Smith), or took a hyphenated name (Jane Jones became Jane Smith-Jones), or you were divorced (Jane Smith reverted to Jane Jones), or a dependent's name was changed (when your son was born his last name was recorded with SSA as hyphenated - father = Smith and mother = Jones, so son = John Smith-Jones - and it appears that way on his SS card, but you have dropped the hyphenation and he is now legally John Smith), request a new Social Security card.

You want to make sure that all the names and Social Security numbers reported on your, and any dependent's, Form 1040, or 1040A, match exactly the names and Social Security numbers as

they appear in the records of the Social Security Administration. If they do not the processing of your return, and the issuance of any requested refund, will be delayed.

A list of THINGS TO DO TODAY for January 2, 2019 appears at the end of this issue, so you don't forget.

TAX SMARTS: MY BEST ADVICE FROM 45+ YEARS AS A TAX PROFESSIONAL

As a veteran tax professional who has been preparing 1040s for individuals in all walks of life since 1972, I am often asked by friends, family, clients, readers, and cocktail party guests, "What is your best tax advice?" As an answer I have written a compilation of my best tax advice to share wisdom accumulated from my 45+ years of preparing 1040s.

Click [here](#) for more information.



I FOUGHT THE LAW AND THE LAW WON!

Dick Wolf's Law and Order franchise is perhaps the most successful one in prime-time television history. It began with the premiere of "Law and Order" in September of 1990 and shows no sign of ending anytime soon.

How did Wolf come up with the concept for the original "Law & Order" – first half "law" (police capturing the "perp") and second half "order" (the trial)?

Successful broadcast television shows can make lots of money in "syndication", often more than the original production. Some shows have been known to operate at a loss on the initial broadcast episodes (they cost more to make than the network pays for airing) just to be able to create a sufficient syndication "inventory". As one online explanation of the process put it – "If you can get a television show in syndication, you can live off that money for the rest of your life."

25+ years ago it was easier, and more profitable, to syndicate a half-hour series than it was an hour-long program. But the networks were looking for hour-long drama series. The "Law and Order" format – basically a half hour of police and a half hour of lawyers - was essentially created so it could be run as two-part half-hour episodes in syndication. Dick had toyed with several such two-part shows, with names like Night and Day.

As it turns out DW did not have to worry about creating half-hour segments for syndication. I expect that the L&O franchise is the most syndicated in history, and that every hour of every day an episode of L&O or one of its spin-offs is running somewhere in the world.

Actually, the idea of half police procedural and half courtroom drama was not new to television. "Arrest and Trial" was a 90-minute series that aired one season on ABC, ON Sundays from 8:30-10:00 pm during the 1963-64 season. According to Wikipedia – "Each week's program was actually two 45-minute segments. The first segment followed Sgt. Nick Anderson (Ben Gazzara) of the LAPD as he tracked down and apprehended a criminal. The person Anderson arrested was defended in the second half of the show by criminal attorney John Egan (Chuck Connors)."

You will note that it differed from L+O in that the trial portion was presented from the defense point of view and not that of the prosecution.



WORKS FOR ME

I am always seeing fancy looking organizers on home improvement shows and in the aisles at STAPLES. It appears that some are rather expensive. However, I get all my business and personal organizers absolutely free!

I have found that the various containers that food and household products come in are perfect organizers for holding different sized paper and binder clips, various sizes of sticky pads and smaller lined paper pads, stamps, pens and pencils, erasers, and other office and household supplies.

For one, there is the plastic containers that many “tv dinners” come in (the aluminum ones are no good). And the brown container that holds three crème-filled cupcakes in a package provides multiple sections for organizing clips.

The green, blue, and black containers that hold the Swiffer wet pads, or the generic alternative, come in several sizes and have many uses in the kitchen, bedroom, and office.

The round plastic containers that contain potato or macaroni salad from the supermarket or Blimpie are also good for holding small supplies.

I even make use of the metal Altoids containers.

Not only am I saving money, but I am recycling as well!



HAVE YOU SEEN?

Several of my articles on tax planning and preparation appear at the website MEDIA FEED. Click [here](#).

Fellow Media Feed author Emily Long discusses “[8 Ways to Pay off Your Mortgage Faster](#)”.

And Hannah Horvath identifies “[The Best Local Hiking Trails in Each State](#)”. I used to live in NJ and now live in PA – but I have never heard of the trails Hannah has listed for these two states.

Over at my “The Wandering Tax Pro” blog I did my annual review of “[The Year In Taxes 2018](#)” at the end of December. Check it out during January for information on what’s new for 2018 federal, NJ and NY tax forms.

Have you seen my other blog “[Trump Must Go](#)”? Please have any family or friends that still support, or do not oppose, Trump read these posts.

Every American who cares about the future of our country and the world must vocally and aggressively oppose and denounce dangerous demagogue Trump. It is not partisan politics – it is patriotism!



IMHO – HERE IS WHAT WE KNOW FOR SURE ABOUT DONALD T RUMP

* Trump, the President of the Unites States, is a dangerous, deplorable, despicable, incompetent, ignorant, totally self-absorbed malignant narcissist, sociopath, and worthless piece of garbage whose sole motivation in everything he does is feeding his ego and lining his pockets, who lies to everyone about everything every day, who doesn't know his ass from a hole in the ground about anything, nor has any desire to learn anything, and who has no clue about the responsibilities and limitations of his office.

* The Russian government wanted Trump in the White House, and actively and aggressively worked to influence the US Presidential election to benefit Trump's campaign. Putin knew that Trump, the ultimate narcissist and motivated solely by self-interest, could be easily played. Without Russia's interference in the election, Trump would not be in the White House today.

* Trump University defrauded its thousands of students, who paid up to \$35,000 to learn "secrets" from Trump that would allow them to make a killing in the real estate market - secrets that was actually information anyone could find for free on the Internet. Trump paid \$25 Million to settle multiple lawsuits in New York and California that were rolled into a single class action.

* The Trump Foundation was forced to dissolve for violating campaign-finance laws and abusing its tax-exempt status. Rather than operating it as a genuine charity, the lawsuit alleges, it was used "*as little more than a checkbook to serve Mr. Trump's business and political interests.*" An investigation by New York State found "*a shocking pattern of illegality involving the Trump Foundation — including unlawful coordination with the Trump presidential campaign, repeated and willful self-dealing, and much more.*" The Foundation gave \$264,231 to the Central Park Conservancy to pay for restoring a fountain across from Trump's Plaza Hotel, \$158,000 to pay off a lawsuit at a Trump golf course, \$20,000 for one portrait of Trump and \$10,000 for another, and \$5,000 to advertise Trump Hotels.

* Just about everything President Obama did that Trump opposed and criticized in the past Trump himself has done as President. Trump believes certain acts are wrong when done by an African-American and a Democrat, but totally fine if done by a white alleged Republican. Trump, and the Republican Party by truly becoming the Party of Trump, are textbook examples of the term "hypocrisy".

* Almost every component of Trump's business enterprises, candidacy and Presidency is currently under investigation by federal and/or state law enforcement agencies.

Can anyone give me one good reason why Trump should be allowed to continue as President of the United States?



SHAMELESS SELF-PROMOTION

My "Dollar Store" has useful information to help you to prepare your 2018 income tax returns and with 2019 tax planning.

Each of these tax-saving reports are only \$1.00 each -

WHAT'S NEW FOR 2018 - A compilation of the inflation and cost of living adjusted numbers you need to know for 2018 federal tax planning and return preparation, incorporating all the changes enacted by the GOP Tax Act.

WHAT'S NEW FOR 2019 - A compilation of the inflation and cost of living adjusted numbers you need to know for 2019 federal tax planning and return preparation.

FLACH'S TAX FACTS - A compilation of some basic information about Form 1040. I talk about who has to file a federal tax return, filing status, dependents, the difference between "above the line" and "below the line" deductions, the difference between deductions and credits, and the penalty for underpayment of tax. This report also includes a timeline of the History of the Federal Income Tax.

And this tax-saving report is only \$2.00 -

MORTGAGE INTEREST GUIDE - I explain in detail the new rules for deducting mortgage interest as an itemized deduction on Schedule A, discussing the various types of mortgage debt and the deduction limitations, **the importance of keeping separate track of acquisition debt and home equity debt**, points, and refinancing. I include two worksheets - one for Acquisition Debt Activity and one for Home Equity Debt Activity - and provide a detailed example of how to use the worksheets.

The reports will be sent to you as a pdf email attachment.

You can receive a print copy of these reports sent via postal mail for an additional \$1.00 to cover postage, paper and ink costs. So, \$2.00 for the \$1.00 reports, and \$3.00 for the \$2.00 report.

FYI - the worksheets contained in these reports are copyrighted material and for your personal use only.

Send your check or money order payable to TAXES AND ACCOUNTING, INC for \$1.00, \$2.00, or \$3.00 per report, and your email or postal address, to –

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Robert has been writing the popular tax planning and preparation weblog THE WANDERING TAX PRO (<http://wanderingtaxpro.blogspot.com>) since the summer of 2001. He has created the websites A TAX PROFESSIONAL FOR TAX REFORM (<http://taxprosfortaxreform-com.webs.com>), and FIND A TAX PROFESSIONAL (<http://www.findataxprofessional.com>) as well as the special Facebook group THE NATIONAL TAX PLANNING NETWORK (<https://robertdfiach.blogspot.com/p/the-national-tax-planning-network.html>). Robert has written several books and reports on tax planning and preparation and created compilations of original forms, schedules and worksheets for the average middle-class taxpayer and tax professionals. You can learn more about them at <http://robertdfiach.blogspot.com>. Some of his writings are available as e-books for reading on Kindle at Amazon. Check out his Amazon Author Page at <http://amazon.com/author/robertdfiach>.

THINGS TO DO TODAY!

DATE: January 2, 2019

1. Subscribe to the WANDERING TAX PRO blog.
2. Set up 2019 tax recordkeeping files.
3. Order Robert D Flach's MORTGAGTE INTEREST GUIDE.
4. Make 2019 IRA, Coverdell ESA and Section 529 contributions.
5. Increase 2019 401(k) contribution to maximum.
6. Get new Social Security card with marriage name change.
7. Buy milk and eggs.
8. Vocally oppose and denounce Donald Trump's Presidency.
- 9.
- 10.

THE NATIONAL TAX PLANNING NETWORK

Let me educate you.
Help you save when you file.
Let me share some tax tips
Some old and then some new tips
It's really worth your while.

Sick of paying too much income tax? Join the club! The NATIONAL TAX PLANNING NETWORK that is.

Due to a lack of response to the original NATIONAL TAX PLANNING NETWORK offering, I am now revising it to become a special exclusive "members only" Facebook group that provides tax planning and preparation advice, information and resources throughout the year to **help you to pay the absolute least amount of federal income tax possible.**

Even if you use a tax professional to prepare your return – the more you know about tax law and tax rules and regulations the more prepared you will be at tax time.

At this Facebook Group you will find -

* periodic posts with updated tax planning and preparation advice and information and links to online resources that provide updated tax planning advice and information, and

* files with tax planning advice and information, including my periodical membership newsletter "Robert D Flach's The 1040 Letter" and forms, schedules and worksheets that will be helpful in preparing your 1040.

This Facebook Group currently includes as downloadable "files" my compilation of forms, schedules and worksheets and "What's New for 2018" and "What's New for 2019".

In addition, members receive a 15% discount on all books and offerings from Taxes and Accounting, Inc.

Membership in this unique Facebook Group is **only \$9.95** per year! Obviously, you must have a Facebook account to join.

To join send your check for \$9.95 payable to TAXES AND ACCOUNTING, INC, and your Name, Mailing Address, Email Address, and Facebook Address to –

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