

Top 10 Reasons to Hire a CPA

New rules established by the Tax Cuts and Jobs Act (tax reform) are in play for 2018 tax returns. If you don't speak with someone who understands the details, you could miss tax-saving opportunities and smart planning options for the future. Here are 10 reasons why you may need guidance.



New Individual Taxpayer Considerations

Your itemized deductions may no longer be allowed.

Changes to the itemized deductions rules may be confusing and warrant new tax planning strategies. CPAs know which items are still allowed on Schedule A (Itemized Deductions) as well as the limits placed on certain deductions.

Contribution cap levels for traditional and Roth IRAs affect retirement plans.

If you are under 50 years old, the maximum annual contribution to these funds is \$5,500. If older, you may be eligible for an additional \$1,000 catch-up contribution. Contributions to traditional IRAs are usually deductible, but the deduction is phased out at higher levels of AGI.

Changes in Business Taxes

New business income deductions are increased but complicated.

Section 199A deductions allow a personal income tax deduction of up to 20 percent of the taxable income passed through from a qualified business organized as a partnership or an S corporation. This deduction, however, may be subject to certain limitations. CPAs know what businesses qualify and the corresponding limitations.

Tax reform affects decisions about worker classification for employers.

The Section 199A deduction for partnerships, S corporations, and single-member LLCs may be determined in part by an entity's gross payroll. A CPA can show employers how to properly classify workers to maximize the Section 199A deduction or to reduce the amount of your payroll tax liability.

CPAs have a large network at their disposal.

The PICPA has more than 22,000 members. PICPA members develop and maintain a sophisticated level of knowledge and professional connections to help you achieve your goals.

The net investment income tax, with its multiple variables, still applies.

An additional 3.8 percent tax on certain investment income is levied when adjusted gross income (AGI) exceeds certain thresholds. CPAs know when and how this additional tax may apply to you.

The simplified tax form may require individuals to file more schedules to complete a tax return.

The 2018 Form 1040 will have substantially fewer line items than previous years, but many of these items, including additional taxes and credits, have found new homes on separate schedules that taxpayers may now have to complete.

Make sure your new business entity is the most tax efficient for you.

Learn whether the Section 199A deduction or the new, lower regular C corporate tax rate provides the best tax outcome. There are different deductions for certain corporations compared with owners of partnerships and single-member LLCs.

General Tax Issues

Your mistakes can be costly.

If you make an error on your return, the IRS will assess penalties and interest on any additional tax it believes is due. A CPA can help you determine if the IRS is correct, and may be able to get the penalty reduced. If you get a notice of an IRS audit, a CPA can help you get ready for it and even represent you.

Planning Ahead

The Form W-4 can help calculate a more accurate payroll withholding plan.

The change to the standard deduction and the reduction of itemized deductions are the most important consideration for filing a new Form W-4 with your company. A CPA can help you accurately plan your payroll withholdings.

Prepare and Plan

CPAs can show you how your tax return provides a roadmap to your finances and how to use this information to devise a plan to reach your financial goals.

www.picpa.org/taxhelp