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# The CFO Advisor

## Guidance for Small Business Success™

Welcome to the September edition of “The CFO Advisor!” I can’t believe how fast this summer flew by and that we are fast approaching another fiscal year.

This month’s newsletter begins with an article that explains amending tax returns and the reason you may need to do so.

Following that article, is a look into the 2018 tax law changes: from tax brackets to standard deductions and more! I include a brief and easy to understand breakdown.

Finally, I finish off with the truth about the technology takeover, the benefits of gardening to your health, and articles that will ignite the high achieving, creative individual within you.

Until next month!

*Dwight L. Hulse, CPA/CITP, CGMA*



## Amending Your Tax Return... Is It Worth It?

Whether you feel that it is worth it or not to file an amended return is not the issue; the issue is whether you are required to file an amended return. If there is a change in your filing status, income, or deductions, the IRS states that you file an amended return. Keep in mind that the IRS receives copies of your W-2s, and 1099s, and they perform matching inquiries to make sure that the information that you report on your tax return matches the information on the documents that they receive.

Using the incorrect filing status or reporting the incorrect amount of income and deductions, can affect the amount of your refund, or the amount that you owe. If after filing your initial tax return, you notice that you used the wrong filing status, or you did not report income or deductions, you should file an amended tax return. If you understated your income, intentionally or not, it is in your best interest to amend your tax return prior to the IRS contacting you. To minimize penalties and interest, if you find that you owe taxes, you should file an amended return sooner, rather than later.

For math errors or omission of forms, such as Form W-2, you normally do not need to amend the tax return. If there are math errors, the IRS will generally catch those and make the necessary adjustments and let you know via correspondence. If you forgot to include a form, and the IRS needs it, they will contact you and request the form. If the reason for amending the return involves an additional

form or schedule, when you amend your tax return, remember to include that form with the amended return.

If you are amending a tax return for an additional refund, it is advisable to wait until you have received the refund from the initial return before filing the amended return. If you have chosen to receive a paper check refund from the initial return, it is okay to cash the check while waiting for the additional refund.



Use the Form 1040X to amend your tax return. Note that amended returns cannot be e-filed. A paper return will have to be mailed in and the processing time for an amended return is approximately 12 weeks (i.e.

three months).

To check the status of your amended return, you can use the Where’s My Amended Return Tool on the IRS’ website. You will need to enter your taxpayer I.D., (i.e. social security number), date of birth, and zip code. Remember, the processing time for an amended return is 12 weeks, so before checking on your amended return, make sure that at least 12 weeks have passed. ✧

**! ATTENTION  
THIS HAS CHANGED**

## A LOOK INTO THE 2018 TAX LAW CHANGES

There have been many tax law changes in 2018. While all the tax changes will not be covered in this article, we will address tax changes relating to individual taxpayers.

- Tax Brackets.
- Standard Deduction.
- Personal Exemptions.
- Expanded Child Tax Credit.
- 529 Savings Plan.
- State and Local Taxes (SALT).
- Mortgage Interest Deduction.
- Charitable Contributions.
- Medical Expenses.
- Obamacare Penalties.
- Estate Tax Exemption.
- Eliminated Deductions.

### Tax Brackets

2018: 10%, 12%, 22%, 24%, 32%, 35%, and 37%.

### Standard Deduction

The standard deduction amounts for 2018 are as follows:

- Single filer: \$12,000.
- Married filing jointly: \$24,000.
- Married filing separately: \$12,000.
- Head of Household: \$18,000.

With the increase in the standard deduction amounts, it will not be worthwhile for many taxpayers to itemize. One of the goals of the new tax plan was to decrease the number of taxpayers who itemize. According to the Joint Committee of Taxation, they estimated that for tax year 2018, 94% of households will claim the standard deduction instead of itemizing.

### Personal Exemptions

The personal exemption of \$4,050 has been eliminated.

### Expanded Child Tax Credit

For qualified children under the age of 17, the child tax credit amount has been increased from \$1,000 to \$2,000. In addition, the refundable part of the credit has been increased to \$1,400. The phaseout threshold for the credit

has dramatically increased as well. For individuals, the new phaseout threshold is \$200,000, and for married couples filing jointly, the new phaseout amount is \$400,000.

Subject to the same income thresholds, if your child is 17 years old, or you take care of elderly relatives, you can claim a nonrefundable \$500 credit.

### 529 Savings Plan

In addition to qualified college expenses, the new tax laws allow taxpayers to use funds in a 529 savings plan for private school and tutoring for children in grades K-12.

### State and Local Taxes (SALT)

Income, sales, and property taxes fall under the category of state and local taxes. Under the new tax law, the maximum deduction for state and local taxes per taxpayer is \$10,000.

### Mortgage Interest Deduction

The mortgage interest deduction can only be taken on mortgage debt up to \$750,000. Prior to the new tax law, the amount was \$1,000,000. The \$750,000 applies to mortgages taken out after December 15, 2017. The new tax law does not apply to pre-existing mortgages. In addition, interest on home equity debt can no longer be deducted.

### Charitable Contributions

Up from the previous 50% cap, taxpayers can now deduct donations up to 60% of their income.

### Medical Expenses

Taxpayers can now deduct unreimbursed medical expenses that exceed 7.5% of their AGI, instead of 10% of their AGI.

### Obamacare Penalties

There is no longer a penalty for not

having health insurance. Under the new tax law, that mandate has been repealed. Note: The elimination of the penalty doesn't go into effect until 2019. A penalty will still be imposed on the 2018 return. Also, if a change will be made they should add the \$1,350 addition to the standard deduction for each taxpayer 65 and over.

### Estate Tax Exemption

The lifetime exemption for individuals is now \$11.18 million and for married couples who file jointly, the exemption amount is \$22.4 million.

### Eliminated Deductions

- Tax preparation expenses.
- Moving expenses.
- Unreimbursed employee expenses.
- Employer subsidized parking and transportation reimbursement.
- Other miscellaneous itemized

deductions subject to 2% cap.

- Casualty and theft losses (except those attributable to a federally declared disaster).

To calculate inflation, the new tax law allows for a permanent switch



to the Chained CPI. The permanent switch to the Chained CPI and the temporary tax changes is expected to eventually increase taxes for the middle class as compared to current tax law. Note that most of the changes relating to individual taxpayers are temporary and are scheduled to sunset after December 31, 2025.

Don't let any of these changes worry you, just call your tax specialist to ensure that you are not paying one penny more than you need to of your hard earned money.

### Are You In Need of a Trusted Business Advisor?

If you are not my client and would like to explore whether we might be a good fit, please contact me. As an experienced business advisor, I have worked not only in private and public industries but also across many functional areas and can help you implement best practice solutions to improve profits.



### Do You Have A Tough Accounting / Finance Question You Want Answered?

I love hearing from my small business clients and friends who enjoy reading my monthly newsletter. I'm always looking to answer pressing questions you might have relating to small business. If you have a question, tip or idea, please call me at 352-450-2880 or email me at [dwight@dlhulseconsulting.com](mailto:dwight@dlhulseconsulting.com). Perhaps I'll feature you in a future issue!



## How High Achievers Succeed

**D**o you wonder why some people manage to achieve so much in their lives and careers? You can reach their level of success too — if you emulate some of their attitudes and actions. Here's where to start (from an article on the Mission's website):

### GOAL

- **Know what you value.** You can't get what you want unless you know what you want. Start by identifying times when you were happy, proud, and fulfilled. Look for common denominators to determine what your true values are.
- **Don't obsess over your weaknesses.** Everyone has weaknesses, and some of them can't be eliminated. Don't use them as an excuse for not pursuing your goals. Focus on your strengths and seek goals that let you use them to their maximum.
- **Ask for help.** You can't do everything yourself. Be willing to ask for help from people who can compensate for your weaknesses and maximize your strengths. By the same token, be ready to help people who ask for your assistance. They'll be more willing to return the favor.
- **Take initiative.** Don't wait for permission to follow your dreams. Look at what you want to achieve, make a plan, and start out immediately. Identify one thing you can do to get started — and then do it.

## Technology — — Good Or Evil?

**D**o you love all the new technology or hate it? Chances are it's a little bit of both. In a survey by Vрге Strategies, 81 percent of respondents said that smartphones, the internet, and other technologies have made their lives better — but at the same time, 51% said they believe these tools have had a negative impact on society.

The respondents were concerned about security. Forty-one percent said the internet and other new technologies should have more regulation than they do now, and 72% don't think lawmakers are keeping up, given the rapid pace of change in the tech industry. Another concern: income inequality. 38% of participants in the survey said they believe technology increases the gap between the rich and the poor — although 22% said they think new tech reduces the gap.

## Help Your Family Eat Their Fruits And Veggies

**A**ccording to the American Heart Association, we should be consuming at least four cups of fruits and five cups of vegetables every day. Fresh and frozen options work best and will ensure you're not taking in too much sodium or other preservatives. Here are some tips to make sure your plate and every meal is filled with these healthy nutrients:

- Have a cup of fruit with your breakfast.
- Add chopped veggies such as spinach, onions, bell peppers, and mushrooms to your eggs.
- Eat an apple, orange, or banana for a morning snack.
- Swap the chips with celery or carrot sticks for an afternoon snack or with your lunch.
- Enjoy a cup of vegetable soup with afternoon meals.
- Make sure you add plenty of lettuce, tomato slices, and sprouts to your sandwiches.
- Pack raisins or other dried fruits in your backpack or purse for a quick and easy snack when you're out and about.
- Always have a side salad and a steamed/cooked vegetable with dinner.



## SIMPLE RULES FOR FINANCIAL SECURITY

**M**anaging your money doesn't have to be complicated. A few simple steps can help you achieve financial peace of mind. Keep these in mind:

- **Know where your money is going.** Track your purchases so you can set up a household budget. You may discover expenses you can avoid, or others you can plan for.
- **Set goals.** Whether you're saving up for a car or starting a college education fund, set goals that are SMART: specific, measurable, achievable, realistic, and time-bound. This will help you decide how much to save for your objectives.
- **Have an investment plan.** Work with a reputable financial planner to invest for the future. Create an emergency fund as well, so you'll have some money in case you or someone in your family is injured or loses a job.
- **Resist temptation.** Don't indulge in impulse buying. Limit credit card use to items you really need. If you see something you like, try waiting 24 hours before buying it — you may realize you don't really need it.



## Quotes:

“You become what you think about.” — *Napoleon Hill*

“If you try to fail and succeed, which have you done?” — *George Carlin*

“What are we to one another but a means to a meaning we haven't yet discovered.” — *Camille Rankine*

“Missing someone is your heart's way of reminding you that you love them.” — *Unknown*

“Leadership is service, not position.” — *Tim Fargo*

“Doubters do not achieve; skeptics do not contribute; cynics do not create.” — *Calvin Coolidge*



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*I provide entrepreneurs with clarity and peace of mind for making better business decisions.*

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*Disclaimer: Any accounting, business, or tax advice contained in this communication, is not intended as a thorough, in-depth analysis of specific issues, nor a substitute for a formal opinion, nor is it sufficient to avoid tax-related penalties.*

### *Live By The Principles Of Creative People*

Creativity isn't something you have to be born with. Here are some habits and traits of creative people that you can put to work in your quest to make your imagination blossom:

- **Intolerance for boredom.**

Creative people don't like to spend their time with the same old ideas. When they get bored, they start looking for something new and different to play with.

- **Willingness to take chances.** Trying or suggesting anything new has an element of risk. The people you want to emulate aren't afraid of being laughed at or rejected as long as they're committed to their ideas.

- **Enthusiasm.** No one works hard on a project or idea they don't feel strongly about. Don't pursue a project if its possibilities don't excite you.

- **Generosity.** Don't worry too much about people "stealing" your ideas. Creative types know that they do better when sharing their thoughts with a wide array of people and listening to the feedback they generate.

- **Optimism.** You won't succeed if you think only about the possibility of failure. The most successful creative people reached their goals because they never believed that giving up was a good idea.

- **Realism.** At the same time, the best artists, writers, designers, and entrepreneurs understand that hanging on to an idea too long doesn't work. Persistence is a positive trait, but it has to be tempered with an understanding that moving on to a better idea is sometimes the best path to take.



### Gardening May Benefit Mental Health

Getting your hands dirty in the garden may be one way to fight depression, according to the Gardening Know How's website. Fresh air and sunshine help, but scientists say there's a natural antidepressant in soil: *Mycobacterium vaccae*

apparently has the same effect on neurons that Prozac and other medications provide. The bacterium seems to enhance the production of serotonin, the lack of which has been linked to depression, anxiety, bipolar disorder, and other mental illnesses.

Experiments using the bacterium with rats appeared to increase cognitive ability, lower stress, and create higher levels of concentration. Studies testing the bacterium on cancer patients found that the patients reported less stress and a better quality of life. The effects can come from the air, touch, and through the blood in case of a cut in the skin. You should always wash your hands after working in the dirt, of course, but a few hours in the garden every week could have a positive effect on your physical and mental health.

