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The new tax law is impacting the entertainment and many other industries negatively. So what are you to do? You can use a letter we prepare, or you can use one you prepare and contact:

- Your Congressman, the Governor, the Labor Board or the President
- Your friends and family in other states and have them send letters
- Your colleagues and have them send letters
- The House Ways and Means Committee (responsible for new tax law)
- Your union representative
- Your employer

If you are a full-time employee with benefits and this is reported on your W-2, according to the new tax law, you will not be able to write off any Employee Business Expenses for tax year 2018 (Tax Preparation 2019). With the loss of Employee Business Expenses and personal exemptions is causing most if not all to pay more taxes in the future.

Examples of Employee Business Expenses:

Cell phones	Internet	Union Dues	Agent Fees	Lawyer fees
Gifts	Business Meals	Home offices	Car Usage	Research
Trade Publication	Video games	Streaming Apps	Technology	Cable Exp
Education	Business Travel	Office expense	Supplies	Uniforms

This is an example of some of the normal Employee Business Expenses individuals take.

They have also limited the amount of state and local taxes you may write off. In the past you could write off all the state taxes withheld (W2) and property taxes. This was put into place to prevent double taxation on the same money. In the future it is limited to 10K. Which brings back double taxation to all amounts over 10K.

The new standard and personal exemption current and future (reductions to AGI)

	Single Old	Single New	Married No Children Old	Married No Children New
Std Deduction	6100	12000	12200	24000
Personal Exemption	4050	0	8100	0
Total	10150	12000	20300	24000

You used to get an exemption (4050) for each child. You receive none with the new law.

Tax rate shifts are between 1-3% for each bracket. The overall effect is minimal.

Some things you might be able to do...

If you are a W2 employee and are considered full time with benefits from a corporation/employer, unless they change the law, you will lose your ability to write off those expenses. But...

You can take some of the business expenses if you have any of the following:

- Schedule C: 1099-Misc Income or Barter income or Self Employment
- LLC: 1099-Misc Income, Barter Income or Invoice/Cash
- S-Corp: 1099-Misc Income, Barter Income or Invoice/Cash

If you are not a full-time employee with benefits yet still receive a W2, and are considered "freelance" you may be able to have your employers or union declare you a "Statutory employee" (with an "x" entered on line 13 of your W2). This will identify you as an independent contractor and your income and business expenses can be deducted on Schedule C as a Sole Proprietor (Salesmen on commission have been doing this for years).

Changes can happen, but everyone needs to work hard at it. Think about how the Unions were formed in the first place, the Civil Rights Movement, the Women's Movement and how one man, Howard Jarvis, shook up California with Prop 13!

Do I form an LLC or S Corp due to the new tax law changes?

Here is some information on the existing method (what most do today and what you would do with a LLC or S Corp

<b>W2</b>	<b>Statutory employee – w2 Modification</b>	<b>Sole Proprietary (Schedule C)</b>	<b>LLC</b>	<b>Scorp</b>
Total income taxable after Std/Itemized Deduction	Total income minus all expenses determines taxable income.	Total income minus all expenses determines taxable income.	Total income minus all expenses determines taxable income.	Total income minus all expenses determines taxable income.
Withholdings – Federal, state, Medicare and Social Security	Medicare and Social security paid, estimated taxes for federal and state withholdings	Estimated taxes (quarterly paid)	Estimated taxes (quarterly paid)	Estimated taxes (quarterly paid)
Std/Itemized Deduction	Std/Itemized Deduction	Std/Itemized Deduction	Std/Itemized Deduction	Std/Itemized Deduction
No Business Expenses / Itemization	Business expenses taken on Schedule C	Business expenses taken on Schedule C	Business Expenses taken on LLC	Business Expenses taken on Scorp
No Business Expenses / Itemization	Business Expenses at 100% to income	Business Expenses at 100% to income	Business Expenses at 100% to income	Business Expenses at 100% to income
Medical from Union or private – possible right off	Medical – insurance cost taken	Medical – insurance cost taken	Medical – insurance cost taken	Medical – insurance cost taken
NA	W2 yourself – expense to income	W2 yourself – expense to income	W2 yourself – expense to income	W2 yourself – expense to income
NA	NA	NA	Entity cost (800) exp	Entity cost (800) exp
NA	NA	NA	NA	Cost of retirement plan for owner
Minimal oversight	Medium oversight	Medium oversight	Medium oversight	Medium oversight
NA	Potential business acct	Potential business acct	Business Acct	Business Acct

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## Democrats introduce bill to restore tax deductions for workers

By Michael Cohn

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More in Finance, investment and tax-related legislation, Tax deductions, Tax Cuts and Jobs Act, Tax reform



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A group of Senate Democrats introduced legislation to revive tax deductions for labor union dues and unreimbursed work expenses that were eliminated by the Tax Cuts and Jobs Act.

The Tax Fairness for Workers Act, introduced last month by Sen. Bob Casey, D-Pa., and co-sponsored by Sen. Debbie Stabenow, D-Mich., Bob Menendez, D-N.J., Sheldon Whitehouse, D-R.I., and Tammy Baldwin, D-Wis., would reinstate the deduction for unreimbursed employee expenses, and make the deduction for union dues above-the-line so it would be available to everyone, not just those who itemize.

"Unions provide a path to the middle class for working people by increasing their income and the economic security of their families," Casey said in a statement. "To this end, it's important that we do all we can to empower workers to organize, not make it harder."