

Tax Tips You Can Use



Big changes for 2020

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If you thought that all of the big changes in tax law happened in 2018, think again. Several far-reaching tax laws were enacted in December of 2019. They affect 2020 (of course), but also go backwards to 2019 and farther backwards to 2018. I will try to mention the big items that you need to think about for 2018 to see if you want to amend to take advantage of the retroactive changes. Those items also affect 2019, which, luckily, you have not yet filed. The IRS is scrambling to find ways to add these old-but-new-again deductions to return forms, which were finalized in November for printing.

One of the new laws made big changes to IRA's. First the Required Minimum Distribution (RMD) age has been raised to 72. If you already get RMD's then you have to keep going with those. But if your 70th birthday was July 2, 2019 or later you can wait until the year you turn 72 to take RMD's. Also if you are still working after age 70.5, starting in 2020, you can now continue to contribute to your IRA.

The second law passed brought back many expired deductions that went away 12/31/17. Those include educator deductions, foreclosure exemptions for acquisition debt, tuition deductions, and energy property credits. In addition, for schedule A, mortgage insurance premium payments are deductible. There are over 30 items that were resurrected, but the ones mentioned are the common ones affecting an Oregon taxpayer.

In addition to law changes, there are more form changes. In 2018, we had the so-called "postcard" return and 6 schedules for the stuff they left out. In 2019, we still have the shorter return, but only 3 schedules. That is because several common items were added back to the return, which is no longer a half page, and several schedules were combined. Also, there is a senior return with bigger print that will be used by age. You cannot opt out or in.

There is something of which you should be aware that is not tax law. That is that many of us write the year as 2 digits, for example 1/10/20. Great minds think that for at least this year everyone should write the full 4 digit year, especially on time sensitive, important documents like tax returns. If you date something 1/1/20, someone could make that 1/1/20 1 9 or 1/1/20 2 1. Writing 2020 makes it clear.

I hope everyone is ready because tax time is here again.

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