

Alvin Caballero, CPA

February 2019

The Main Street Accountant

...For all your main stream needs

Welcome to the February 2019 issue of The Main Street Accountant!

Tax season has arrived and with the new Tax Cuts and Jobs Act in town, there are a lot of questions from taxpayers about what this means for their business and personal taxes.

We open this month's issue with a timely, information-packed article about the new tax law and the six deductions that you may now lose on your 2018 tax return.

But that's not all...continue reading for more ideas, important reminders, and helpful tips for success (including some from billionaire entrepreneur Richard Branson himself) to help you make it a spectacular 2019!

Until next month,

Alvin Caballero, CPA



Say Goodbye to These Six Tax Deductions on Your 2018 Tax Return



There's a new tax law in town called the Tax Cuts and Jobs Act, and it is placing a cap on many of the itemized deductions that

you may be used to.

This new tax law has also eliminated personal exemptions and nearly doubled the standard deduction to about \$12,000 for single filers and \$24,000 for married joint filers — which will likely result in fewer people taking itemized deductions on their 2018 returns.

So, if you are hoping to claim a big break on your 2018 taxes, you may be in for a big surprise.

Here are six itemized tax deductions that you can say goodbye to on your 2018 return.

1 Casualty and theft losses:

Under the old tax code, you were able to claim an itemized deduction for unexpected property losses and those losses that aren't reimbursed by insurance. These types of losses include damage from fire, accidents, theft and

vandalism, as well as natural disasters.

The losses were deductible if they exceeded 10 percent of your adjusted gross income (AGI). Your adjusted gross income is your taxable income minus any adjustments to income such as deductions, contributions to a traditional IRA, and student loan interest.

Now, effective 2018 through the end of 2025, you can only claim personal casualty losses if the damage is attributable to a disaster declared by the President of the United States. The 10 percent threshold of AGI still applies.

2 State and Local Taxes:

Prior to the new tax law, you were able to claim an itemized deduction — known as the State and Local Tax deduction (SALT) for these levies.

The Tax Cuts and Jobs Act made one big change to the deduction, resulting in a \$10,000 cap being placed on SALT deductions.

3 Medical and dental expenses:

The IRS once allowed you to deduct a qualified medical expense that exceeded 7.5% of your adjusted gross income.

Beginning January 1, 2019, all taxpayers may deduct only the amount of the total unreimbursed allowable medical care expenses for the year that exceed 10% of their adjusted gross income.

However, keep in mind that while the IRS has lowered the bar for medical expenses you incur in 2018, fewer people all around are likely to itemize their deductions due to the higher standard deduction.

As a result, this break may no longer be available.

4 Miscellaneous itemized deductions:

The Tax Cuts and Jobs Act has suspended the "Miscellaneous itemized deductions" that were once deductible to the extent that they exceeded 2% of a taxpayer's adjusted gross income. This applies for years 2018 through 2025. As a result, the deduction for tax preparation fees, unreimbursed employee expenses, etc., will no longer be available.

5 Home mortgage interest:

Prior to the new tax law, you were able to write off the interest for up to

Continued on page 2

Goodbye Six Deductions

Continued from page 1



\$1 million in mortgage debt. If you took out a home equity loan or line of credit, you were also able to deduct the interest paid on loans of up

to \$100,000.

With the Tax Cuts and Jobs Act, you can now only claim a deduction for interest on up to \$750,000 in qualified residence loans — that is, the combined amount of loans you use to buy, build, or substantially improve your dwelling and second home.

The IRS has also applied new restrictions to interest claimed for home equity loans and lines of credit (HELOC). You can only take the break if you were using the money to build or improve your home.

The deduction is off the table if you took a HELOC to use for personal expenses.

6 Charitable giving:

The charitable donation deduction is still on the table, even after the tax overhaul. However, a combination of higher standard deductions and limitations on itemized deductions means that fewer people will be itemizing on their 2018 returns. In turn, that could put the charitable deduction out of reach for those taxpayers.

For more information about the new tax law and how it will affect your 2018 return, contact our office at (732) 902-2929.

Try These Tips To Manage Your Time

Managing your time effectively is essential to success at any job.

From the Entrepreneur website comes this list of time management tips that will help you get the most out of every minute:

- **Share your priorities.** First, establish the basic tasks that are at the top of your responsibilities. Then share them with your co-workers and subordinates (if you have any). Make sure they align with your manager's priorities.

- **Get a good calendar.** You'll do a better job of keeping track of what's important with a calendar that lets you schedule and spotlight priorities. Put your major tasks at the top so you can focus on them early, when your energy is at its highest.

- **Work around your peak times.**

Figure out when you're at your best — early morning? Just before lunch? Schedule your toughest and most important tasks for those times so you can do your best work.

- **Distinguish opportunities from operations.** Some busy executives design their days around two components: opportunities, which involve growth, sales, and/or influence; and operations, which call for delivery, follow-up, and fulfillment of commitments. This distinction can help you keep track of what you should do throughout the day.

- **Delegate.** Don't try to do it all. Identify the tasks only you can carry out, and eliminate or delegate the rest. Work with your manager to determine the best strategy for both areas.



Generate Ideas With Unusual Brainstorming Tactics

If you haven't come up with any good ideas lately, you might want to try different approaches to sparking creativity. Try these innovative brainstorming techniques:



- **Look for bad ideas.**

Hold a "dump the ideas" meeting with colleagues. One topic: "What should we stop doing so we have more time and energy for innovation?"

- **Hold a "blue sky day."** Challenge employees or co-workers to build a model or make some kind of graphic representation of their wildest business-related ideas. For one day, display them in hallways or your break room. Include sticky notepaper for people to share their thoughts and comments.

- **Hold a "gift exchange."** Have people write down their trickiest problem, and drop them all in a hat. Then have everyone pick a problem from the hat and try to solve it. This can encourage people from different areas to get together and learn something about one another's problems and skills.

- **Form a dream team.** Collect a small group of people to meet once a week. Your job: to generate, share, and discuss ideas for innovation. Set specific subjects to stay focused.

- **Take a field trip.** Go to a museum, playground, zoo, theme park, or someplace like that. Ask everyone to come up with three business-related ideas inspired by the outing.

Are You In Need of a Qualified Tax Pro?

If you are not my client and would like to explore whether we might be a good fit, please contact me. As a qualified tax professional, I not only know all the rules, but can also help you deal with the IRS and help you decide how far to push a dispute.



Do You Have A Tough Accounting / Tax 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 (732)-902-2929 or email me at info@caballerocpas.com. Perhaps I'll feature you in a future issue!

Branson's Rules For **SUCCESS**

Billionaire entrepreneur Sir Richard Branson is

undeniably successful. He's built eight billion-dollar companies, established a nonprofit foundation, and written six books. He also plays a lot of tennis. What's his secret? He's got several, and they've been compiled on CNBC's Makelt website:

- **Follow your dreams.** "Those people who spend their time working on things they love are usually the ones enjoying life the most," Branson says.
- **Do some good.** "If you aren't making a positive difference to other people's lives, then you shouldn't be in business."
- **Believe in your ideas.** "If you aren't proud of your idea and believe in your plans, why should anybody else?"
- **Have fun.** "If you're not having fun, then it's probably time to try something else."
- **Don't give up.** "On every adventure I have been on — whether setting up a business, flying around the world in a balloon, or racing across the ocean in a boat — there have been moments when the easy thing to do would be to give up," Branson has written. However, he never gives in.
- **Keep setting challenges.** "Write down every single idea you have, no matter how big or small," he once blogged. Then challenge yourself to follow through.
- **Delegate.** "If you find people who can take on tasks you aren't good at, it frees you up to plan for the future."
- **Take care of your team.** "If your staff are having fun and genuinely care about other people, they will enjoy their work more and do a better job."
- **Get away from your office.** "Rather than sitting in front of a screen all your life, switch off the TV or the computer and go out into the world," he says.
- **Prove critics wrong.** "Some people will react to success by trying to hang onto your coattails," Branson warns. "The best thing you can do is to not only ignore them, but to prove them wrong in every single way."



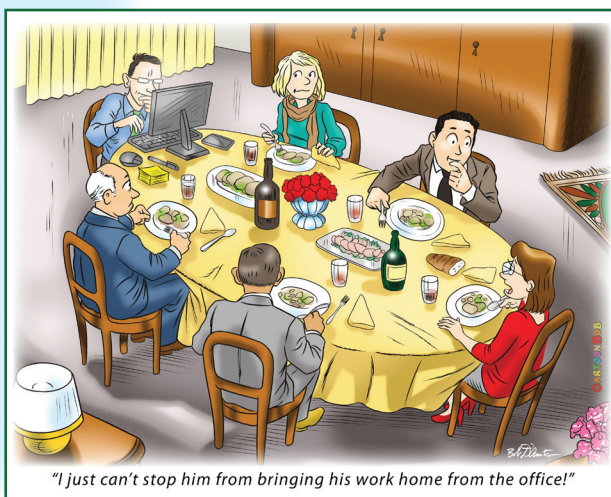
SPUR SUCCESS WITH STRATEGIC GOALS

You can't lead people successfully unless you have a strong idea of what your organization wants to accomplish and a good sense of how to get there. Here's how to set the right direction and bring the right people along with you:



- **Determine your strategic goals.** Ask this basic question: "Where do we want to go as an organization?" Get feedback from a wide cross-section of your workforce — top officers along with rank-and-file employees — so everyone feels involved.
- **Analyze the past.** What has prevented your organization from achieving its goals in the past? An honest and thorough evaluation should illuminate problems and gaps to fix before your organization moves forward.
- **Identify what you have and what you need.** Take a close look at your workforce. Do your people have the right mix of talents to support your strategy? What skills are you missing? Are your employees ready to change and willing to learn new strategies and tactics? You may need to push them in a positive direction.
- **Develop your people.** Hiring the best people in the world doesn't exempt you from providing them development and training. Work with your employees

to find out what they need in order to move forward, and how they can learn it — through mentoring, formal training seminars, apprenticeships, or whatever. Don't forget to talk about how you'll reward their development and performance so they're motivated to succeed.



Quotes:



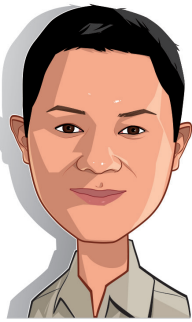
"You'll hit gold more often if you simply try out a lot of things." — **Ira Glass**

"All growth depends upon activity. There is no development physically or intellectually without effort, and effort means work." — **Calvin Coolidge**

"The road to success is dotted with many tempting parking spaces." — **Will Rogers**

"Knowledge is like underwear. It is useful to have it, but not necessary to show it off." — **Bill Murray**





Alvin Caballero, CPA
Caballero & Associates CPAs

The Main Street Accountant
... For all your main stream needs

228 Bridge Street
 Metuchen, NJ 08840
 732-902-2929
 info@caballerocpas.com
 www.caballerocpas.com

See What's Inside...

Say Goodbye to These Six Tax Deductions on Your 2018 Tax Return
 Try These Tips To Manage Your Time
 Generate Ideas With Unusual Brainstorming Tactics
 Branson's Rules For Success
 Spur Success With Strategic Goals
 Beyond 'Great Job!' Give Praise That Gets Results
 The Value Of Advice • A Winning Tactic

Beyond 'Great Job!' Give Praise That Gets Results

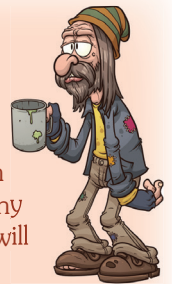


Everyone likes a pat on the back and a hearty “well done.”
 But making praise a truly effective motivational tool requires a little planning. Here are some pointers:

- **Show some purpose.** Making workers feel good about themselves is only a starting point. The purpose of workplace praise is to improve productivity and reinforce positive behavior. Keep that in mind as you hand out the compliments.
- **Aim for a specific target.** Don't just offer clichés or platitudes. For instance, if you're pleased with how Conrad satisfied a complaining customer, don't just say, “You handled that well.” Give some detail that tells him exactly what he did right: “You were wise to let the customer vent her anger and then offer good constructive solutions.”
- **Be honest.** Employees know when you're faking it. Don't offer praise unless you can do it sincerely. Passing out superficial praise can hurt your credibility instead of improving performance and morale.
- **Find the right balance.** Like anything else, praise loses its effectiveness if it's overused. On the other hand, its power diminishes if it's underused. Try to offer some sort of praise or positive feedback at least once a month. Give extra attention to new employees, those who seem to lack confidence, or team members testing the waters with new assignments. Otherwise, focus on those making an extra effort, accomplishing a difficult task, or exhibiting behavior you want others to emulate.

The Value Of Advice

A panhandler on the street asked a well-dressed businessman for some money. The businessman looked at the man over disapprovingly. “I don't have any money to give you,” he said, “but I will offer you some advice.”



The man turned away. “If a guy like you don't have any money, what good's your advice?”

A Winning Tactic

Cynthia applied for a job at a debt collection Agency, but she had no experience. The manager was impressed by her determination and energy, though, so he gave her the name of one long overdue account and told her she could have the job if she persuaded the account to pay up.

He didn't expect her to succeed, but two hours later Cynthia returned with a check. “That's amazing!” the manager said. “How did you do it?”



“Easy,” Cynthia said. “I just told them that if they didn't cut me a check, I'd tell all their other creditors they paid us.”