



Happy New Year! Here are some changes and deadlines to keep in mind for the new year:

Minimum Wage

Massachusetts minimum wage will increase to \$12.00 per hour and for tipped employees it will increase to \$4.35 per hour. Rhode Island minimum is increasing as well, to \$10.50 per hour. The Rhode Island tipped rate stayed the same.

W-2 and 1099 Filings

Forms W-2 and W-3 are required to be furnished to employees and the Social Security Administration by January 31, 2019. For after-the-fact payrolls we need the amounts paid by **January 15th**. 1099 Miscellaneous forms are required to be furnished to the recipient and the Internal Revenue Service by January 31, 2019. Please provide the recipient's name, address, social security or EIN number and amount paid for 1099s by **January 15th** in order to ensure timely filing of these forms.

Retirement Information

The 401(k) contribution limit is increasing to \$19,000 (\$25,000 if over age 50). The IRA limit is increasing to \$6,000 (\$7,000 if over age 50).

Tax Cuts and Job Act

There are significant changes due to the new Tax Cuts and Jobs Act (TCJA). Most of the provisions in the TCJA are effective from January 2018 to December 2025. For corporate taxes please have your information in by **February 15th**.

Individual Tax Changes

- Under the TCJA, 2018 ordinary tax rates are generally lower.
- For 2018, taxpayers enjoy a higher standard deduction.
- The TCJA suspends the deduction for personal exemptions.
- TCJA increases and expands the child tax credit. It also substantially increases the "phase-out" thresholds for the credit.
- Under the TCJA, certain future alimony payments will no longer be deductible by the payer. Also, alimony will no longer be considered income to the recipient. This applies to agreements executed after December 31, 2018.
- For mortgages that originated in 2018, the interest deduction is now limited to interest on debt up to \$750,000.
- There is now an overall limit of \$10,000 for property taxes and state and local income taxes combined.

Effects on Businesses

- There is a new deduction for Qualified Business Income of domestic business income other than C-Corporations. This "pass through deduction" reduces taxable income. It applies to most trades and businesses but exceptions do apply in certain situations.
- Significantly reduced Corporate Tax rates for C Corps and Personal Service Corporations.
- Business Entertainment expenses eliminated.
- Section 179 write off increased.

We look forward to seeing you soon!