MOORMAN, HARTING & COMPANY

Certified Public Accountants

815 West Main St.
P.O. Box 86
Coldwater, OH 45828
Ph: (419) 678-4814
Fax: (419) 678-2752

531 East Market St.
Celina, OH 45822
Ph: (419) 586-6618
Fax: (419) 586-812

Tax News - May 2018

Save Taxes with a Qualified Charitable Distribution

In late 2017, Congress passed new tax legislation called “The Tax Cuts and Jobs Act.” Under the new tax bill, the standard deduction for a married couple has been raised to $24,000. For the average taxpayer, this means that they will likely no longer itemize their deductions or be able to claim a deduction for their charitable donations.

For taxpayers age 70 ½ or older, there is a way to continue to get a tax benefit from donating to charity by utilizing a Qualified Charitable Distribution (QCD). A QCD allows a taxpayer to transfer money directly from their IRA to a qualified charitable organization without having to include the distribution in their taxable income. Better yet, the taxpayer can use the QCD to count as their required minimum distribution for the year which lowers their taxable income and can result in lower income tax.

In order for the IRA distribution to qualify, all of the following conditions must be met:

1) The taxpayer must be age 70 ½ before the distribution is made to the charity
2) The distribution must go directly to the charity from the IRA account and not be received by the taxpayer first
3) The charitable organization receiving the distribution must be qualified under Section 501(c)(3) of the internal revenue code
4) The distribution must come from an IRA account and not from an employer 401K or qualified plan. IRA’s that qualify include traditional, rollover, inherited, and inactive SEP and Simple IRA’s no longer receiving contributions.
5) The maximum QCD allowed in any tax year is $100,000. This limit is per person so a married couple with separate IRA accounts could contribute $200,000.

Under the new tax law, a Qualified Charitable Distribution from an IRA account may be a good way to make contributions to your favorite charity and continue to receive a tax benefit from the donation.

For more information on how this strategy may apply to your specific tax situation, please give our office a call.

Health Savings Account Limitations

For 2018, there have been slight increases in the amounts that taxpayers can contribute to their Health Savings Accounts (HSA's). For taxpayers with a single plan, they can contribute up to $3,450, up from $3,400 in 2017. For taxpayers with a family plan, they can contribute up to $6,900 which is up from $6,750 in 2017. For those taxpayers who turn age 55 or older during 2018, they can contribute an extra $1,000.

Brought to you by Moorman, Harting & Company