

Estate Tax Rates

Year	Estate Exemption	% on Excess Over Base
2018	\$11,180,000	40%
2019	\$11,400,000	40%

Gift Tax

	2018	2019
Gifts per person	\$15,000	\$15,000
Joint gifts by spouses	\$30,000	\$30,000
Gift/Estate Exemption	\$11,180,000	\$11,400,000
Max Tax Rate on Taxable Gifts	40%	40%

Health Savings Accounts

	2018	2018	2019	2019
	Single	Family	Single	Family
Max Deduct./Contribution	\$3,450	\$6,900	\$3,500	\$7,000
Age 55-64 Catch-Up Contr.	\$1,000	\$1,000	\$1,000	\$1,000
Minimum Policy Deductible	\$1,350	\$2,700	\$1,350	\$2,700

Tax Credits

	2018/2019
Child Tax Credit under age 17, subject to phaseouts 2018 & 2019 above \$400,000 (joint) and above \$200,000 (single)	\$2,000/child
Qualifying Dependent Credit	\$500
The American Opportunity Credit*	\$2,500
The Lifetime Learning Credit** for each additional year of post-secondary education	\$2,000

*2018 & 2019 subject to phaseouts between \$160,000-\$180,000 (joint) and \$80,000-\$90,000 (single).

** 2018 subject to phaseouts between \$114,000-\$134,000 (joint) and \$57,000-\$67,000 (single). 2019 subject to phaseouts between \$116,000-\$136,000 (joint) and \$58,000-\$59,000 (single).

Equipment Depreciation

	2018	2019
Section 179 Limit	\$1,000,000	\$1,020,000
Bonus Depreciation	100%	100%

Retirement Plan Contribution Limits

INDIVIDUAL & EMPLOYER PLAN LIMITATIONS

	2018	2019
Individual 401(k) Contributions	\$18,500	\$19,000
Age 50+ Catch-up	\$6,000	\$6,000
Individual SIMPLE Contributions	\$12,500	\$13,000
Age 50+ Catch-up	\$3,000	\$3,000
Employer Qualified Plans	2018	2019
Maximum compensation limited to	\$275,000	\$280,000
Annual contribution limit for defined contribution plans	\$55,000	\$56,000

IRAs

2019 Regular IRA

Not a Participant in Another Plan

\$6,000 maximum deductible contribution; taxable distribution; deduction for participant and for non-working spouse.

Active Participant in Another Plan

\$6,000 maximum deductible contribution; taxable distributions; subject to phaseouts between \$103,000-\$123,000 (joint) and \$64,000-\$74,000 (single).

Non-Active Participant Whose Spouse is Active Participant

\$6,000 maximum deductible contribution; taxable distributions; subject to phaseouts between and \$193,000-\$203,000 (joint).

Age 50 + Catch-up

\$1,000 deductible contribution.

2019 Roth IRA

\$6,000 maximum nondeductible contribution; nontaxable distributions; subject to phaseouts between \$193,000-\$203,000 (joint) and \$122,000-\$137,000 (single).

Age 50 + Catch-up

\$1,000 nondeductible contribution.

ESTIMATED TAX PAYMENTS

- ♦ Taxpayers are generally required to pay in through withholding or estimated tax payments the lesser of 100% (or 110% if AGI > \$150,000) of prior-year tax liability or 90% of current-year tax liability.
- ♦ 2019 estimated tax payments for individuals are due by:
April 15 • June 17 • September 16 • January 15, 2020

This publication reflects tax laws in effect as of 11/30/18. Due to the concise nature of this publication, no final conclusions should be drawn without further review and consultation with a professional.

2018
2019

Tax
Guide

Friends
for Life



Ketel Thorstenson, LLP

Certified Public Accountants/Business & Personal Consultants

Rapid City, SD

810 Quincy St.
(605) 342-5630

Spearsfish, SD

123 E. Jackson St. #2
(605) 642-7676

Custer, SD

609 Mt. Rushmore Rd.
(605) 673-3220

Gillette, WY

305 S. Garner Lake Rd., Ste A
(307) 685-4433

ktllp.com

2018 Individual Income Tax Rates

MARRIED TAXPAYERS

FILING JOINTLY OR SURVIVING SPOUSES

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ 0	\$ 0	10%
\$ 19,050	\$ 1,905	12%
\$ 77,400	\$ 8,907	22%
\$ 165,000	\$ 28,179	24%
\$ 315,000	\$ 64,179	32%
\$ 400,000	\$ 91,379	35%
\$ 600,000	\$ 161,379	37%

SINGLE

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ 0	\$ 0	10%
\$ 9,525	\$ 953	12%
\$ 38,700	\$ 4,454	22%
\$ 82,500	\$ 14,090	24%
\$ 157,500	\$ 32,090	32%
\$ 200,000	\$ 45,690	35%
\$ 500,000	\$ 150,690	37%

HEAD OF HOUSEHOLD

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ 0	\$ 0	10%
\$ 13,600	\$ 1,360	12%
\$ 51,800	\$ 5,944	22%
\$ 82,500	\$ 12,698	24%
\$ 157,500	\$ 30,698	32%
\$ 200,000	\$ 44,298	35%
\$ 500,000	\$ 149,298	37%

Also note: These income tax brackets are annually indexed to inflation. Taxable income is income after all deductions.

ADDITIONAL SURTAXES

(1) Taxpayers with AGI over \$250,000 (joint) and \$200,000 (single) are subject to an additional 3.8% surtax on lesser of: (1) Net Investment Income (interest, dividends, capital gains, rentals and passive income) or (2) excess of net investment income over AGI floor.

(2) Taxpayers who earn more than \$250,000 (joint) and \$200,000 (single) are subject to an additional .9% surtax on wages or self employment income above these thresholds.

2019 CAPITAL GAINS TAX RATES

Long-term capital gains	0% Tax Rate	15% Tax Rate	20% Tax Rate
Married filing jointly	\$78,750	\$488,850	\$488,850+
Head of Household	\$52,750	\$461,700	\$461,700+
Single	\$39,375	\$434,550	\$434,550+

Special rates apply to real estate depreciation recapture, collectibles and metals.

Individuals

STANDARD DEDUCTION *

	2018	2019
Married filing jointly	\$ 24,000	\$ 24,400
Single	\$ 12,000	\$ 12,200
Head of household	\$ 18,000	\$ 18,350
Married filing separately	\$ 12,000	\$ 12,200
Additional - blind or elderly		
Single	\$ 1,600	\$ 1,650
Married	\$ 1,300	\$ 1,300
Taxpayer claimed as dependent	\$ 1,050	\$ 1,100

* Generally deduct the greater of standard or itemized deductions.

PERSONAL EXEMPTIONS

	2018	2019
Deduction for each taxpayer, spouse and dependent	\$ 0	\$ 0

Social Security

TAXES

Employer/ Employee	Tax Rate	Wage Base 2018	Wage Base 2019
FICA	6.20%	\$128,400	\$132,900
Medicare	1.45%	no limit	no limit
Total	7.65%		

Self Employed	Tax Rate	Wage Base 2018	Wage Base 2019
FICA	12.40%	\$128,400	\$132,900
Medicare	2.90%	no limit	no limit
Total	15.30%		

Qualified Business Income Deduction

QBI

QBI Deduction 2018 & 2019 - 20%

2018- subject to limitations over \$315,000 (joint) & \$157,500 (single)

2019- subject to limitations over \$321,400 (joint) & \$160,700 (single)

Corporate Income Tax

Flat Tax Rate	21%
Personal Service Corporations	21%
Capital Gains Tax Rate	same as regular tax rate

Business Expenses

Business Travel Meals

Per Diem Rates For Meals- Oct. 1, 2018-Sept. 30, 2019

Low Cost Areas	\$ 60/day
High Cost Areas	\$ 71/day

Standard Mileage Rates

Use	2018	2019
Business	\$.545/mile	\$ TBD
Charitable	\$.14 /mile	\$ TBD
Medical & Moving	\$.18 /mile	\$ TBD

BENEFITS

Maximum Annual Earned Income Limit	2018	2019
Ages 62 up to full retirement age	\$17,040	\$17,640
Upon reaching full retirement age	No limit	No limit

TAXABLE BENEFITS

Part of social security received is taxable if AGI, plus tax-exempt interest, plus half of social security received exceeds these base amounts:

	50% Taxable	85% Taxable
Married filing jointly	\$32,001 - 44,000	\$ 44,001+
Single/Head of house	\$25,001 - 34,000	\$ 34,001+
Married filing separately	\$ 0	\$ 0