

Tax Deductions Gone in 2018



Are the days of itemizing over? Not quite, but now that H.R. 1 (popularly called the Tax Cuts & Jobs Act) is the law, all kinds of itemized federal tax deductions have vanished.

Early drafts of H.R. 1 left only two itemized deductions in the Internal Revenue Code – one for home loan interest, the other for charitable donations. The final bill left many more standing, but plenty of others fell. Here is a partial list of the itemized deductions unavailable this year.¹

Moving expenses. Last year, you could deduct such costs if you made a job-related move that had you resettling at least 50 miles away from your previous address. You could even take this deduction without itemizing. Now, only military service members can take this deduction.^{2,3}

Casualty, disaster, and theft losses. This deduction is not totally gone. If you incur such losses during 2018-25 due to a federally declared disaster (that is, the President declares your area a disaster area), you are still eligible to take a federal tax deduction for these personal losses.⁴

Home office use. Employee business expense deductions (such as this one) are now gone from the Internal Revenue Code, which is unfortunate for people who work remotely.¹

Unreimbursed travel and mileage. Previously, unreimbursed travel expenses related to work started becoming deductible for a taxpayer once his or her total miscellaneous deductions surpassed 2% of adjusted gross income. No more.¹

Miscellaneous unreimbursed job expenses. Continuing education costs, union dues, medical tests required by an employer, regulatory and license fees for which an employee was not compensated, out-of-pocket expenses paid by workers for tools, supplies, and uniforms – these were all expenses that were deductible once a taxpayer's total miscellaneous deductions exceeded 2% of his or her AGI. That does not apply now.^{2,5}

Job search expenses. Unreimbursed expenses related to a job hunt are no longer deductible. That includes payments for classes and courses taken to improve career or professional

knowledge or skills as well as and job search services (such as the premium service offered by LinkedIn).⁵

Subsidized employee parking and transit passes. Last year, there was a corporate deduction for this; a worker could receive as much as \$255 monthly from an employer to help pay for bus or rail passes or parking fees linked to a commute. The subsidy did not count as employee income. The absence of the employer deduction could mean such subsidies will be much harder to come by for workers this year.²

Home equity loan interest. While the ceiling on the home mortgage interest deduction fell to \$750,000 for mortgages taken out starting December 15, 2017, the deduction for home equity loan interest disappears entirely this year with no such grandfathering.²

Investment fees and expenses. This deduction has been repealed, and it should also be noted that the cost of investment newsletters and safe deposit boxes fees are no longer deductible. In some situations, investors may want to deduct these fees from their account balances (i.e., pre-tax savings) rather than pay them by check (after-tax dollars).⁵

Tax preparation fees. Individual taxpayers are now unable to deduct payments to CPAs, tax prep firms, and tax software companies.³

Legal fees. This is something of a gray area: while it appears hourly legal fees and contingent, attorney fees may no longer be deductible this year, other legal expenses may be deductible.⁵

Convenience fees for debit and credit card use for federal tax payments. Have you ever paid your federal taxes this way? If you do this in 2018, such fees cannot be deducted.²

An important note for business owners. All the vanished deductions for unreimbursed employee expenses noted above pertain to Schedule A. If you are a sole proprietor and routinely file a Schedule C with your 1040 form, your business-linked deductions are unaltered by the new tax reforms.¹

An important note for teachers. One miscellaneous unreimbursed job expense deduction was retained amid the wave of reforms: classroom teachers who pay for school supplies out-of-pocket can still claim a deduction of up to \$250 for such costs.⁶

The tax reforms aimed to simplify the federal tax code, among other objectives. In addition to eliminating many itemized deductions, the personal exemption is gone. The individual standard deduction, though, has climbed to \$12,000. (It is \$18,000 for heads of household and \$24,000 for married couples filing jointly.) For some taxpayers used to filling out Schedule A, the larger standard deduction may make up for the absence of most itemized deductions.¹

Have a great weekend!

Golf Tip of the Week



How Do You Shoot Straighter Tee Shots?

You know where the greens are, but getting your ball to land anywhere in the same general vicinity can be challenging at times. You make adjustments, but still your shots tend to hook to the right or to the left.

Here are 3 tips that will help create straighter drives and get your ball closer to the greens:

1. **No turning back:** During the backswing, good players allow their shoulders to move fully and completely. Backswings with full shoulder movement improve your swing's rhythm, sending the ball on steadier and smoother paths. At the top of the swing, your back should be facing your target and your body in a coil. Let your downswing be smooth, natural, and easy.
2. **The ballerina:** What do good golfers, good baseball players, and good tennis players have in common? Grace in movement. Good golfers are able to transfer their weight rhythmically by rolling their ankles and turning their hips during the shot. Practice putting most of your weight on your back foot at the top of your swing and nearly all of your weight on your front foot at the swing's completion.
3. **Step ahead:** The best golfers don't make the mistake of playing the ball too far forward. Improper ball positions force the player to strike the ball in a poorly aligned position.

A more relaxed, free-flowing swing allows for increased clubhead speed and greater contact accuracy. That's the key to straighter drives.

Tip adapted from Golf Magazineⁱ

Recipe of the Week



Ginger Asian Noodle Salad with Turkey and Cucumbers

Serves 4

Ingredients:

1 package vermicelli rice noodles
¼ cup rice vinegar
2 teaspoons granulated sugar
1 tablespoon freshly grated ginger
1 teaspoon freshly grated ginger
Kosher salt
1 red pepper
1 red Chile pepper
3 ounces snow peas
½ seedless cucumber
1 tablespoon canola oil
1 pound lean ground turkey
¼ cup hoisin sauce
2 scallions

Directions:

1. Follow the package directions in cooking the noodles.
2. Drain and rinse the noodles under cold water.

3. At the same time, stir together in a large bowl the vinegar, sugar, 1 teaspoon ginger, and ¼ teaspoon of salt.
4. Add peppers, snow peas, and cucumber. Toss to combine.
5. Heat the oil in a large nonstick skillet over medium heat.
6. Add the turkey and cook. Use a spoon to break it apart until it's no longer pink, 5-6 minutes.
7. Stir in the hoisin sauce, the remaining ginger, and 2 tablespoons of water.
8. Cook for 1 minute before gently mixing in the scallions.
9. Serve the noodles with the cucumber salad and turkey.

Recipe adapted from Good Housekeepingⁱⁱ

Health Tip of the Week



Stay Alert for Sleep Disorders

We spend nearly 230,000 hours of our lives doing it. While it is not a conscious state of mind, we long to attain it. Nearly 15% of the American population hasn't been getting enough of it—for a very long time. It's sleep, and experts list nearly 70 disorders.ⁱⁱⁱ

Lack of or disrupted sleep creates numerous health problems, including hormone level fluctuations, mood shifts, and rapid weight gain or loss.

Here are some basic tips to beating insomnia:

- Go to sleep at the same time each night.
- Avoid using phones or reading devices before going to bed.
- Don't use caffeine, nicotine, or alcohol late in the day.
- Get regular exercise.
- Don't have a heavy meal late in the day.

- Follow a routine that helps you relax.

Making a good night's sleep a top priority will lead to a healthier and more productive life.

Tips adapted from WebMD^{iv}

The articles and opinions expressed in this newsletter were gathered from a variety of sources, but are reviewed by Ballentine Capital Advisors prior to its dissemination. All sources are believed to be reliable but do not constitute specific investment advice. In all cases, please contact your investment professional before making any investment choices.

Securities through Triad Advisors, LLC, Member FINRA/SIPC. Advisory services through Ballentine Capital Advisors, Inc. Triad Advisors and Ballentine Capital Advisors are not affiliated entities.

Copyright (C) 2018. Ballentine Capital Advisors. All rights reserved.

Our mailing address is:

Ballentine Capital Advisors
23 Buena Vista Way, Suite B
Greenville, SC 29615

[unsubscribe from this list](#) [update subscription preferences](#)

Sources:

- 1 - forbes.com/sites/kellyphillipsrb/2017/12/20/what-your-itemized-deductions-on-schedule-a-will-look-like-after-tax-reform/ [12/20/17]
- 2 - tinyurl.com/y7uqe23l [12/26/17]
- 3 - bloomberg.com/news/articles/2017-12-18/six-ways-to-make-the-new-tax-bill-work-for-you [12/28/17]
- 4 - taxfoundation.org/retirement-savings-untouched-tax-reform/ [1/3/18]
- 5 - tinyurl.com/yacz559c [1/8/18]
- 6 - vox.com/policy-and-politics/2017/12/19/16783634/gop-tax-plan-provisions [12/19/17]

Disclosure:

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. This information has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All indices are unmanaged and are not illustrative of any particular investment.

ⁱ <http://www.publinkgolfer.net/articles/347/1/Improve-the-Quality-of-Your-Tee-Shots-with-Fred-Funk/Page1.html>

ⁱⁱ <http://www.goodhousekeeping.com/food-recipes/a16358/gingery-asian-noodle-salad-turkey-cucumbers-recipe-wdy0215/>

ⁱⁱⁱ <http://www.healthcommunities.com/sleep-disorders/overview-of-sleep-disorders.shtml>

^{iv} <https://www.webmd.com/sleep-disorders/guide/insomnia-symptoms-and-causes#2>