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Federal Tax News

February 2018

What does tax debt have to do with a passport?

Passports are issued by the State Department — not the IRS. But a 2015 law requires the IRS to notify the State Department of taxpayers that have "seriously delinquent tax debt." This is generally defined as tax debt exceeding \$50,000 and for which a lien has been filed (for tax years beginning after Jan. 1, 2016). Unless exceptions apply, such tax debt is grounds for denial of a passport or revocation or limitation of an existing passport. The IRS recently issued guidance for the implementation of this provision in Notice 2018-1.

Employers and employees: New withholding tables are now available.

By February, employees could see changes in their paychecks that reflect the changes made by the Tax Cuts and Jobs Act. The IRS has issued new income tax withholding tables for 2018 and advised employers to begin using them as soon as possible, but no later than February 15. You can find the IRS's information release at:

<https://www.irs.gov/newsroom/2018-withholding-tables-now-available>

Find the percentage method tables themselves in IRS Notice 1036 at:

<https://www.irs.gov/pub/irs-pdf/n1036.pdf>

However, two Democratic congressmen are questioning whether enough taxes will be taken out of the checks of employees under the 2018 withholding tables. In letters sent to federal tax officials, the lawmakers expressed concern that the new withholding tables would "result in millions of taxpayers receiving larger after-tax paychecks this election year but ultimately owing federal income tax when they file in 2019."

To help people determine their withholding, the IRS is also revising the withholding tax calculator on IRS.gov. The tax agency anticipates this calculator should be available by the end of February. Taxpayers are encouraged to use the calculator to adjust their withholding (to make sure they aren't under- or over-withheld) once it's released.

Man loses whistleblower case in court.

Whistleblowers who give the IRS information leading to the collection of unpaid taxes may qualify for an award. But, in one case, the U.S. Tax Court held that the IRS hadn't abused its discretion when it denied a whistleblower award to a man who'd provided information that his former employer wasn't paying overtime compensation to its employees properly. The taxpayer claimed the IRS used the information to increase the amount it was able to collect from the employer. The IRS argued that it hadn't used the information and the court agreed. (Kasper, 150 TC No 2)

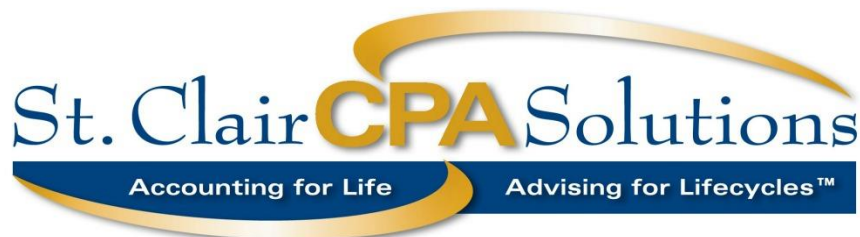
Tax break for biking to work is eliminated.

The Tax Cuts and Jobs Act (TCJA) suspends the qualified bicycle commuting exclusion. Previously, an employee could exclude up to \$20 per month in qualified bicycle commuting reimbursements. This included any amount received from an employer during a 15-month period beginning with the first day of the calendar year as payment for reasonable expenses during the calendar year. Under the TCJA, for tax years beginning after Dec. 31, 2017, and before Jan. 1, 2026, the exclusion from gross income and wages for qualified bicycle commuting reimbursements is suspended.

Contact Us

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