

GTN Alert – August 2018

The Tax Cuts and Jobs Act, passed in December 2017, made significant changes to the US tax law, which will impact your 2018 US federal tax return. The tax law changes include:

- Increase to the standard deduction (i.e., standard deduction of \$24,000 for married couples filing jointly and \$12,000 for single filers);
- Elimination of personal exemptions (i.e., exemption of \$4,050 per eligible person no longer allowed);
- Changes to Tax Credits for Dependents (i.e., increase of up to \$2,000 per qualifying dependent child and new \$500 credit for other qualifying dependents);
- Limitation on certain itemized deductions (e.g., deduction for taxes paid capped at \$10,000, limit to the deduction for home mortgage interest in certain cases);
- Elimination of certain itemized deductions (e.g., removal of miscellaneous itemized deductions, such as employee business expenses and investment expenses);
- Changes to the tax rates and brackets.

PLEASE NOTE

If you are on a company sponsored international assignment and are tax equalized, you may be subject to hypothetical tax withholding, in lieu of actual income tax withholding. Please contact your GTN representative if you have questions regarding your hypothetical tax withholdings or if you believe additional changes should be made to your hypothetical tax withholding.

The above changes may have a significant impact to your overall tax position and it is highly recommended that you review your withholdings to make sure you have sufficient taxes withheld to meet your tax obligation. A recent analysis conducted by the IRS found that many taxpayers could see a decrease in their tax refunds or an increase in their tax balance due when they file their 2018 taxes in early 2019. Checking and adjusting withholding now can prevent an unexpected tax bill and penalties next year at tax time. It can also help you avoid a large refund if you would prefer to have an increased cash flow each pay period.

The IRS has recently highlighted certain groups of taxpayers who are strongly encouraged to check their withholding due to the likely impact of the tax law changes on their specific circumstances. These groups include taxpayers who meet one or more of the following criteria:

- are part of a two-income family;
- have held two or more jobs at the same time during 2018 or who only worked part of the year;
- utilized credits like the Child Tax Credit on their 2017 return;
- have dependents age 17 or older;
- benefited from the use of itemized deductions on their 2017 return;
- have high incomes or who have a complex tax return;
- had a large tax refund or who owed a lot of tax when they filed for 2017.

To help you review your tax withholding, the IRS has updated their Withholding Calculator tool and Publication 505, Tax Withholding and Estimated Tax, to reflect changes made by the Tax Cuts and Jobs Act. Click the links below to read the official publications.

- [IRS Withholding Calculator](#)
- [Publication 505](#)

In addition to your US federal tax return, the Tax Cuts and Jobs Act may also have an impact on your 2018 state tax filing. Not all states have taken the same approach in aligning state tax laws with the recent federal changes. As a result, we recommend that you consult your state revenue authority website ([state revenue agencies](#)) to understand any state law changes that may require updates to your state income tax withholding. As always, please contact your GTN representative for assistance on your withholding or any other tax matters.

If you have questions or would like further information, please contact us at info@gtn.com or +1.888.486.2695, or visit our [Mobility Tax Services page](#) to see what assistance we can provide.

The information provided in this alert is for general guidance only and should not be utilized in lieu of obtaining professional tax and/or legal advice.

