



## Another Year, Another New 1040

In 2018, the government attempted to “simplify” the tax-filing process by drastically shortening Form 1040. The result was six new schedules that created a lot of confusion.

Now the IRS is attempting to ease some of that pain by revising the form and removing some schedules. Will it help? Here is what you need to know:

### More information on the main form.

To make it easier for the IRS to match pertinent information across related tax returns, new fields have been added on the main Form 1040. For example, there’s now a spot for your spouse’s name if you choose the married filing separate status. In addition, there's a separate line for IRA distributions to more clearly differentiate retirement income.



### 3 schedules are gone.

What was your favorite memory of Schedules 4, 5 and 6? Was it the unreported Social Security tax on Schedule 4? Or the credit for federal fuels on Schedule 5?

While those schedules will no longer exist, those lines (and many others) have found a new home on one of the first three schedules. Less paperwork, but still the same amount of information.

### You can keep your pennies!

For the first time, the IRS is eliminating the decimal spaces for all fields. While reporting round

numbers has been common practice, it’s now required.

### Additional changes on the way.

The current versions of Form 1040 and Schedules 1, 2 and 3 are in draft form and awaiting comments on the changes. Because of the importance of the 1040, the IRS is expecting to make at least a few updates in the coming weeks (or months) before they consider it final. Stay tuned for more developments.

## How to Prepare for the Changes

The best way to prepare is to be aware that 1040 changes are coming. The information required to file your taxes will remain the same, but some additional hunting will be necessary to find the shifting lines and fields on the modified form.

**Remember, changes bring uncertainty and potential for delays, so getting your tax documents organized as early as possible will be key for a timely tax-filing process.**

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## Reminder: Time to Start the Financial Aid Process

If you have a child in college or entering college during the next school year, you need to read this. You can now fill out your required Free Application for Financial Student Aid (FAFSA) for the next school year.

### FAFSA Application Timeframe

The Free Application for Federal Student Aid (FAFSA) process opened on Oct. 1.

### The Time to File is Now

The earlier you file your application, the earlier you will receive aid packages from most participating schools. The application is used to receive grants, federal loans and work study awards.

Here are some hints to ensure the application process works in your favor:

**Create your FSA ID.** If you have not already done so, both the student and a parent will need to set up a Federal Student Aid (FSA) ID (username and password) within the FAFSA system. You cannot submit the FAFSA form without doing this first.

**File the FAFSA early!** As soon as possible, fill out and submit your FAFSA. Filing early maximizes your chances of receiving aid.

It also minimizes your chances of missing an unknown application deadline.

**Use your tax records.** Because the year is not yet over, you can use last year's (2018) tax information when filling out the application. There are IRS tax return data retrieval tools within the online application to automate this process.

**Talk to your advisors.** If you have a child ready to attend college, stay in touch with both your financial advisor and your school advisor.

A financial advisor is used to help manage your assets to present a good financial picture. The school advisor is a great resource to help you find potential sources of money.

**Collect the right information.** To fill out a FAFSA you will need the following:

- Social Security number
- Alien registration number (if not a U.S. citizen)
- Federal tax information
- Record of any nontaxable income (excluding retirement account balances)
- Balances of cash, savings and checking accounts; investment asset balances; other assets; FSA ID

**Filling out the form can be a daunting task for the uninitiated, but with proper preparation you can get your form done in quick order.**





## 5 Ways Payroll Services Boost a Business

Is a payroll provider right for you and your business? While it is an added expense, there are good reasons to add a partner to help with this service.

Here are five things to consider:

### 1. Allows full attention on growing the business.

If a portion of employees is focused on managing and processing payroll, business growth opportunity may be stifled. This is especially true if a key employee or owner is the one processing payroll.

By outsourcing payroll responsibilities, the full workforce can concentrate on growing the business.

### 2. Improves accuracy and compliance.

Most entrepreneurs didn't go into business to tabulate hourly time cards, calculate tax withholdings, or stay current with the constantly changing government filing requirements.

Thankfully there are those who specialize in monitoring labor regulations, compliance updates and the number-crunching that payroll requires.

This will invariably improve the payroll accuracy a business needs.

### 3. Lowers audit risk and increases peace of mind.

Federal taxes, state taxes, local taxes, Social Security, Medicare, unemployment taxes and overtime requirements are long (and growing). Payroll services reduce audit risk on the front end and provide audit assistance on the back end.

### 4. Enhances internal controls.

Separation of duties is an important internal control for all businesses. This is tough to do in a small company. Businesses with one or two-person payroll departments are susceptible to fraud or embezzlement.

Adding an outside payroll service can provide the checks and balances a company needs to stay protected.

### 5. Save money.

One of the key methods of reducing business costs is adding efficiency. Outsourcing payroll increases efficiencies because payroll professionals need fewer hours to get the job done.

These time improvements, coupled with potential savings in penalties and interest, can have a positive effect on net income.

**When laying out and understanding all aspects of using a payroll service, it may be time to review your situation.**

