

Better late than never: IRS releases 2019 tax and benefit amounts

The IRS usually releases its inflation adjustments to the tax rates and other fringe benefits in mid-October. This year we had to wait until mid-November for the [numbers to drop](#).

And this should serve as a warning. The IRS may be equally late in issuing Notice 1036, which contains the withholding allowance amounts and the percentage method withholding tables. We're keeping our usual obsessive eye on this.

Here's how things shake out for next year.

Amounts for employees

The following popular fringe benefits have been adjusted for inflation:

- The most employees can defer into their health flexible spending account increases \$50, to \$2,700. *Note:* If your FSA plan doesn't have a grace period or allow employees to roll over up to \$500, remind employees to use up their FSA funds by the end of the year; amounts unused by Dec. 31 will be forfeited.
- The monthly amount employees may defer on a pretax basis for qualified mass transit benefit increases \$5, to \$265.

Thanks to the Tax Cuts and Jobs Act, tax credits employees take on their 1040s have become much more valuable.

- The portion of the child tax credit that's refundable is \$1,400.
- For purposes of the \$500 nonrefundable credit for dependents other than children, dependents can't earn more than \$4,200.

Employees can better gauge their tax liability by knowing the standard deduction amounts.

- Singles and marrieds filing separately: \$12,200
- Marrieds filing jointly: \$24,400
- Heads of households: \$18,350
- Dependents: the greater of \$1,100 or the sum of \$350 and their earned income, up to the standard deduction amount
- Extra standard deduction for aged or blind: \$1,650 (singles) or \$1,300 per eligible spouse (marrieds filing jointly).

Amounts for employers

The deemed personal exemption is \$4,200. *Reminder:* The TCJA suspends personal exemptions, but the IRS has deemed a personal exemption amount for a variety of tax purposes, one of which will be the 2019 withholding allowance amount.

Other inflation adjustments include the following:

- The salary limit for the 50% small employer health tax credit increases to \$27,100.
- The aggregate cost of §179 property you can deduct is \$1,020,000; this limitation is reduced (but not below zero) by the amount all §179 property exceeds \$2,550,000.
- Small employers that offer their employees qualified small employer health reimbursement accounts can contribute up to \$5,150 for unmarried employees and up to \$10,450 for married employees.

Information return penalties

The IRS already adjusted the information return penalties once for 2019. Then it readjusted them again:

- The penalty for filing corrected forms within 30 days remains \$50. The calendar year maximum increases to \$556,500; the penalty for small employers increases to \$194,500.
- The penalty for filing corrected forms after the 30-day deadline, but by Aug. 1 increases to \$110. The calendar year increases to \$1,669,500, and to \$556,500 for small employers.
- The penalty for failing to file corrected forms after Aug. 1 remains \$270. The calendar year maximums increase to \$3,339,000, and \$1,113,000 for small employers.
- The minimum penalty for a failure to file due to an intentional disregard of the filing requirements increases to \$550 or 10% of the aggregate amount of items required to be reported correctly.