



Refunds, How They Can Change From Year to Year

Tax refunds can change from year to year for several reasons! First, your world could substantially change such as new baby, new house, sold house, married, divorced, etc.

Second, your income can change from year to year. Several clients “feel” that their income hasn’t changed, but then when W2s are compared, the change is dramatic.

Third, taxable credits could change from year to year due to the whims of Congress and the Treasury Department. And, your eligibility of these credits can change depending on your income.

So, if we have prepared both your 2017 and 2018 tax returns, and you are wondering why your refund is different in 2018 versus 2017, we encourage you to acquaint yourself with your tax and financials worlds. The first step is to review the **Two Year Comparison** within your tax PDF file. This usually starts on page 9 or so.

- ▲ Line 1 – This is your wage income, and Line 20 is your total income, and line 30 is your Adjusted Gross Income, and what we tax accountants call AGI.
- ▲ Lines 31 thru 41 – These are all your deductions. Compare 2017 with 2018 by using the third column. Look at big swings, and make sure they make sense.
- ▲ Lines 46 and 49 – Child tax credit is only available on children 16 or under who are your dependents.
- ▲ Line 57 – This is where a lot of trouble starts. This figure is the income tax withheld on your paychecks. If you have a big change from 2017 as compared to 2018 without a big change in income, this might explain your refund change.
- ▲ Line 59 – Earned Income Credit (EIC) is available to those taxpayers in a lower tax bracket that have children. However, it is a sliding scale. So, if your income increases from 2017 to 2018, you will have a corresponding reduction in EIC.
- ▲ Lines 70 – This is ultimately what percentage of tax you pay from year to year, or the effective tax rate. So regardless of the actual income, or tax, or deductions, etc., if line 70 is the same from year to year, your taxes haven’t changed.

Please contact us with additional questions or concerns. **We always want you to feel comfortable with the entries and ultimate results of your tax returns- to that end, we will always spend the time necessary to review everything with you.**

Thanks!

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