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CSEA Client Newsletter – Fall 2015

Dear Client:
This newsletter contains some of the highlights of the changing tax landscape, including important reminders and what's new for 2015. We're happy to answer your questions about these and other tax-related matters. Don't procrastinate on your taxes! Waiting until the last minute may cause you to overlook potential tax savings and could increase your risk of making an error. Use the tax preparation checklist included in this letter to help you review your income and expenses for the year and collect the necessary documentation. Please call our office to schedule your appointment. We look forward to seeing you soon!

Affordable Care Act Reminders

The Affordable Care Act (ACA) individual shared responsibility provision requires you and each member of your family to do one of the following:

- Have qualifying health coverage called minimum essential coverage;
- Qualify for a health coverage exemption; or
- Make a shared responsibility payment when you file your federal income tax return.

Many people already have minimum essential coverage and don't need to do anything besides maintain that coverage and report their coverage when they file their tax returns.

The premium tax credit is designed to help eligible individuals and families with low or moderate income afford health insurance purchased through the Health Insurance Marketplace. If you qualify, you can choose to have the credit paid in advance to your insurance company to lower what you pay for your monthly premiums, or you can claim all of the credit when you file your tax return for the year. If you choose to have the credit paid in advance, you will reconcile the amount paid in advance with the actual credit you compute when you file your tax return.

Identity Theft a Continuing Problem

To combat the ongoing problem of identity theft, October 1, 2015 was the deadline for retailers to update their checkout systems for a new security technology, also referred to as "chip cards," instead of the standard, magnetic stripe credit cards. After the October date, merchants that haven't switched to the new standard will generally be liable for losses when they physically accept counterfeit credit cards.

Beware of Scam IRS Emails and Phone Calls

The IRS has warned consumers about email, telephone and Internet scam artists who pretend to be with the IRS. Keep in mind that the IRS never emails taxpayers to request personal or financial information, and never requests payment via prepaid debit card or asks for credit or debit card numbers over the phone. If you receive an email that appears to be from the IRS requesting you to click on a link to update your IRS information, don't respond to it!

Do You Use Your Home for Business?

If you use your home for business, you may be able to deduct applicable expenses. If you qualify, you can claim the deduction whether you rent or own your home, and you may use either the simplified method or the regular method to claim your deduction. As a general rule, you must use a part of your home regularly and exclusively for business purposes. The part of your home used for business must also be:

- Your principal place of business; or
- A place where you meet clients or customers in the normal course of business; or
- A separate structure not attached to your home. Examples could include a garage or a studio.

If your gross income from the business use of your home is less than your expenses, the deduction for some expenses may be limited. If you are an employee, you must meet additional rules to claim the deduction. For example, your business use must also be for the convenience of your employer.

IRS Relaxes Offer In Compromise Rules

An offer in compromise allows you to settle your tax debt for less than the full amount you owe. It may be a legitimate option if you can't pay your full tax liability, or if doing so creates a financial hardship. The IRS has recently made changes to this program that have resulted in a 75 percent reduction in the amount required to settle tax obligations in five or fewer installments. Contact our office if you would like guidance on this matter.

Tax Extenders

More than 50 tax deductions, tax credits and other tax-saving laws expired in December 2014, including some important items like the ability to deduct state and local sales taxes and mortgage insurance premiums. However, since Congress has renewed the same set of expired tax breaks for years, it's likely that will happen once more. Keep in mind that making tax decisions before laws become official can be costly. The more you know about taxes and 2015's new taxes in particular, the better you can plan and the less you'll likely pay. Got a situation or a question? We are ready and waiting for your call. Remember: Enrolled Agents are America's Tax Experts!

Savings Tips

Here are some easy ways both adults and children can save money and get on the path to financial fitness!

- **Save your loose change.** Putting aside fifty cents a day over the course of a year will allow you to save nearly 40 percent of a $500 emergency fund.
- **Keep track of your spending.** At least once a month, use credit card, checking, and other records to review what you've purchased. Then, ask yourself if it makes sense to reallocate some of this spending to an emergency savings account.
- **Put purchases in perspective.** If you're planning on making a non-necessity purchase, try taking dividing the cost of the item by your hourly wage. If it's a $100 pair of shoes and you make $25 an hour, ask yourself if those shoes are really worth four hours of work?

These small steps can make a big impact on your savings strategy!

Tax Checklist

This form is to assist you in gathering your income tax information. Use it as a guide for information you need to provide. Please call or email with any questions.

GENERAL INFORMATION:

□ First, middle initial, and last names of taxpayers and dependents as written on the Social Security cards, and dates of birth for taxpayers and all dependents, ***especially*** new dependents.

□ Address (city, state, and zip), telephone number, and e-mail address.

□ Marital Status: Single ___ Married ___ Head of Household ___ Separated ___

□ Number of Dependents: ___ Did any dependents have any income? Yes ___ No ___

□ Did all dependents live with you for 6 months or more? Yes ___ No ___

FOREIGN INCOME:

- Did you receive a distribution from, or were you a grantor or transferor for a foreign trust?
- Did you have a financial interest in or signature authority over a financial account located in a foreign country?
- Did you have any foreign financial accounts, foreign financial assets, or hold interest in a foreign entity?

TYPES OF INCOME & TAX REPORTING FORMS:

□ Wages: All W-2s
□ Pensions/Retirements: 1099-R
□ Social Security: SSA-1099
□ Bank Interest: 1099-INT
□ Dividends: 1099-DIV
□ Commissions: 1099-MISC
□ Tips and Gratuities
□ Affordable Care Act Reporting: Form 1095-A
□ Sales of Stock, Mutual Funds: 1099-B
□ Income from Rentals: All 1099-MISC
□ Business Income: All 1099-MISC & 1099-K
□ Farm Income
□ Alimony Received: Total amount
□ Unemployment: 1099-G
□ State Tax Refund: 1099-G
□ Miscellaneous: Jury Duty, Gambling, Other
□ K-1 forms from Partnership, S-Corporation, or Trust

BUSINESS INCOME & EXPENSE ITEMS: If you don't see an expense listed below, please ask.

□ Total (Gross) Income
□ Advertising
□ Asset Purchases
□ Auto: Parking &Tolls
□ Bank/Credit Card Fees
□ Business Phone Expense
□ Business Vehicle**:**
____Auto
____Date Placed in Service
____Business Miles
____Total Miles
□ Cell Phone Expense
□ Cleaning/Maintenance
□ Commissions Paid
□ Contractors/Subcontractors
□ Dues & Publications
□ Education Expense
□ Equipment/Supplies
□ General Office Expense
□ Hotel/Travel Expense
□ Insurance
□ Interest Paid
□ Legal or Professional Fees
□ License Fees/Taxes Paid
□ Meals/Entertainment
□ Postage
□ Rent/Lease Fees Paid
□ Repairs
□ Tools
□ Utilities

ADDITIONAL ITEMS FOR RENTAL PROPERTIES:

□ Days Rented ____
□ Condo/PUD Association Fees
□ Gardening/Yard Work
□ Management Fees
□ Room Rentals (in home)
□ Mileage/Travel
□ Mortgage Interest
□ Termite Treatment
□ Vacation Rental
□ Keys/Other
□ Property Tax
□ Utilities

DEDUCTIONS/CREDITS TO INCOME:

□ Adoption Expense
□ Alimony Paid*
□ Child Care Expenses: ____Provider Name
  ____Phone Number ____EIN ____Amount Paid
□ Education Expenses
□ IRAs/Keogh/SEPs (Form 5498)
□ Medical Savings Account (5498-SA/1099-SA)
□ Moving Expenses
□ Penalty on Early Savings Withdrawal
□ Retirement Contributions (not through employer)
□ Self-employed Health Insurance
□ Teacher Expenses

***** Total Alimony Paid: Must have name and Social Security number of recipient, and amount paid.

ESTIMATED TAXES PAID:

Date of payment and amount paid for ***each*** Federal and State quarterly tax estimate.

HEALTH CARE INFORMATION

□ Did you have qualifying health care coverage (employer group plan coverage or government-sponsored coverage) for every month of 2015 for you, your spouse and all members of your family as claimed on your tax return?
□ Did you or anyone in your family qualify for an exemption from the health care coverage mandate?
□ Did you acquire health care coverage through the Marketplace under the Affordable Care Act? If yes, provide Form(s) 1095-A and 1095-C.
□ Did you make any contributions to or receive distributions from a Health Savings Account, Archer MSA or Medicare Advantage MSA?

ITEMIZED DEDUCTIONS:

MEDICAL

□ Medical & Dental Bills
□ Prescriptions
□ Glasses/Contact Lenses or Hearing Aids
□ Lab Fees
□ Medical Miles
□ Out-of-pocket Expenses
□ Medical Insurance Premiums ____Medical ____Dental ____Long-term Care

TAXES & INTEREST

□ Local Tax (found on previous year's return)
□ Sales Tax
□ Real Estate Tax
□ Personal Property Tax (Vehicle License Fee)
□ Mortgage Interest
□ Mortgage Insurance Premiums
□ Investment Interest

CHARITABLE CONTRIBUTIONS

□ Cash Contributions *
□ Non-Cash Contributions **
□ IRA RMD Charitable Distribution
□ Out-of-pocket Volunteer Expenses
□ Charitable Miles
□ Other

* Documentation required.
** Donation dates, list of items donated with Fair Market Value for ***each*** non-cash donation to a Charitable Organizations are needed.

ADDITIONAL TAX DOCUMENTS:

□ Completed Organizer
□ Signed Engagement Letter
□ Year-End Broker Statements
□ Notices Received from IRS or FTB
□ HUD Statement (for each home sold, purchased or refinanced)

IDENTITY THEFT:

Did you receive an Identity Protection PIN from the Internal Revenue Service or have you been a victim of identity theft? If so, please provide the IRS letter.