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Happy Holidays 2016!

We hope you had a Merry Christmas! Brian spent two days just before Christmas at the IRS seminar this year, so here are the updates.

Item #1: Obamacare Penalties

If you did not have 12 months of medical coverage, the 2016 penalties have increased: an adult without coverage is \$695 or 2.5% of income (a family maximum per person is \$2,085). Be sure to fill out that section on your attached "tax info sheet."

Item #2: IRS Identity Theft

To fight identity theft, if you claim Earned Income Credit, American Opportunity (college) Credit, or Child Tax Credit, your 2016 refunds will not be sent by the IRS until after February 15, 2017. If you receive a new Identity Theft Pin from the IRS, please point it out to us. If this is your first or second year doing taxes with us, we now must have a copy of your child's birth certificate/social security card.

Item #3: College Students

If your child is attending college and doing their own taxes this year, BE SURE that they don't claim themselves if you are paying 50% of their support during the year. The deduction is usually worth much more to the parent than the child, and you can always reimburse them the difference; but fixing it after their return is filed is messy.

Item #4: Don't Wait to Start Your Taxes

Because of the federal allowance for March reporting of investments, many people are waiting until very late in the season to drop off their taxes. If you are missing only a small piece of your tax information, bring them in to get started and just mark your "tax info sheet" that you are still missing XX so we don't go to final on them. As long as we don't do the final print and proof, your cost is the same, and we aren't up against a hard deadline if we need to request any other information that you might be missing. Please aim to have all pieces of your tax return in by March 31st. Also, if your taxes are prepared early, you do not have to pay them until April 15th.

Item #5: Passworded Files

If we e-mail a file that is password protected, that password is the last 4 digits of our office phone number – 4565.

Item #6: Goodwill Donation Values, etc.

Check out our website for the “donation” price list for your Goodwill items, etc. This is a basic guide as to what is GENERALLY claimed per item. Use your own judgment if the item is particularly nice/expensive. BrianLindbergCPA.com
Look under “Useful Forms” tab.

Item #7: Business W-2 and 1099 Deadlines Change

Business forms W-3/W-2s and 1096/1099s are now due to IRS/Social Security by January 31, 2017. To employees is still by January 31. Penalties: 30 days late=\$50 per W-2 or 1099. Late before 8/1 = \$100/per. Late after 8/1 = \$250/per. We recommend filing electronically or sending them registered-return receipt to keep proof of when you mailed them – several were lost in the mail last year!

Item #8: Business Section 179 Expense & Other Deductions

Sect. 179 expense deduction for equipment purchases is a maximum \$500,000 on certain business property. Bonus depreciation for qualified property is extended until 2019 and is still 50% for 2015-17, then begins to phase out. Also, heating and air-conditioning were added in 2016. Other Deductions include: Deduction for Educator expense up to \$250; Sales Tax Deduction on Federal instead of State and Local Tax Deduction; IRA direct distribution to a charity of up to \$100,000; Residential energy credits.

Item #9: Additional Stuff:

The IRS can revoke/refuse to renew your passport if you owe \$50,000 or more in taxes, or \$2,500 in back child support

Flexible Spending Accounts / 125-Plans The Medical Reimbursement portion was \$2550 for 2016 and \$2,600 for 2017

Health Savings Accounts / HSA The maximum for 2016 was \$6,750 for family, \$3,350 for individual

Business Standard Mileage Rates = 54.0 cents per mile for business in 2016 (changing to 53.5 cents in 2017)

Check your return on-line Check the progress of your refund on-line. www.irs.gov, and www.michigan.gov/iit (individual) or www.michigan.gov/bustax (business)

Record Keeping and Privacy Policy - no change since 2015, see the website for info.

Quickbook Files – remember, if you provide a backup of Quickbooks, do not send the “Accountant’s Copy” or “Portable”. Send the normal backup.

Item #10: New Phone System

The new phone system in our building is not monitored by the receptionist any more. If you get to Brian or Deneen’s extension and we don’t answer, please leave a message/phone number to call. We are probably in the building, but we no longer have the option to grab your call after the first two rings if we are away from our desks—the system locks into the “leave a message” mode. Have no fear, we’ll call you back!!