



October 1, 2016

“TAX” SURVIVAL IN TODAY’S REALITY

Here are some practical suggestions for you to make your tax life easier in today’s computer oriented environment and “skinny” funding for our tax agencies:

- A. **REFUNDS** – Simply, don’t have any. That way, your tax refund (or over payment applied to next year) won’t be “held up” by an over stretched and out moted tax administration system and very cunning ID thieves. In today’s world, it’s better to owe the IRS than try to re-coup a refund. Since the interest rate on taxes due is only 4%, don’t over withhold or overestimate your taxes. Better to pay the 4%.
- B. **IRS DOES NOT CALL OR E-MAIL** – IRS will not call you out of the blue, and they aren’t able to e-mail you because their systems are not secure enough. Assume that they will never call you unless they have sent you a letter first. (See item C below) Identity theft is a big problem. IRS has had 3,500 agents working on it, and still last year they paid out billions in fraudulent refunds. Fraudsters have been showing up at taxpayer’s homes, and sending real looking letters and e-mails. And this goes for most states. **DO NOT RESPOND.**
- C. **THERE IS NO HURRY TO PAY** – When you receive a notice in the mail about taxes due because of some type of adjustment being proposed, there is no hurry to pay it. OK, if it’s less than \$100, it may be easier just to send a check. Otherwise, send the notice to us, and we will check it out at **no charge** to you. Of course, if a reply is needed or more in-depth analysis required, we will need to charge for that.
- D. **99% OF ALL TAX “AUDITS” ARE DONE BY FORM MATCHING** – Almost all of IRS resources for “auditing” taxpayers are devoted to Service Center matching of W-2 and 1099 forms to your tax return. Payors file these forms and send a copy to you. IRS matches your return to the forms they receive. A miss match will cause notices, assessments, penalties, and a lot of hassle. Be sure the items on tax return match the forms you receive, and if you think you should have received a form, but didn’t, tell us about it. **NOTE:** last filing season, penalties were increased to as much as \$500 for **each** form that a payor does not issue. So if you make payments requiring these forms, be sure you file them.
- E. **ARIZONA CREDIT** – Be sure to use them. Please see our 2016 Arizona credit summary.

- F. **CHARITABLE GIFTS OF PROPERTY \$250+** - For those items you give to organizations like Goodwill, you cannot deduct amounts of \$250 or more for any one donation. Call us about what you need to do if you want to deduct a greater amount. Or, make more trips to the donation box. Remember, you always must get that self-completed donation form in order to support whatever you claim on your tax return. Write down what you gave and the date, take a cell phone picture and send it to your tax CPA.
- G. **CHECK THE TITLES ON YOUR ACCOUNTS** – Carefully check the account titles which appear on your 1099 forms to make sure the ownership matches that of your estate plan. For example, if you have a Revocable Trust, that most likely will be the name you should see. Save your beneficiary’s and estate advisors a lot of trouble later on.
- H. **DIGITAL ASSET DISCLOSURE AUTHORIZATION** – In today’s digital world, when you go, so goes your passwords. Thus, your bank, brokerage companies, insurance companies, etc. are not likely to talk to any of your representatives or beneficiaries. You know the story, without the password, you can’t get entry into your account, and without your “secret information”, you can’t change your existing password. So have a digital asset disclosure authorization form in your package of estate planning documents. What’s that? Call us.
- I. **ID THEFT FORM 14039** – If you suspect your ID may have been stolen (I suspect that least half of everyone’s has been) and that theft of ID may affect your tax accounts, file Form 14039
- J. **MOVED – CHANGED YOUR ADDRESS** – Use form 8822 to notify the IRS (and State) so that notices will arrive. This will avoid proposed adjustments to be unanswered and avoid expensive hassles later to try and make corrections

You can find IRS Forms at www.irs.gov

Thank you

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