Bottom Line Accounting

P.O. Box 40935

Fayetteville, NC 28309-0935

(910) 424-0004

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Dear Tax Client:

As the 2018 tax return filing season begins, I find myself wondering how best to explain that the new "post card" sized tax return along with the Tax Cuts and Jobs Act of 2017 (TCJA) did not make taxes simpler no matter what we might hear. Gone is the Form 1040-EZ. Gone is the Form 1040-A. And although the new Form 1040 has fewer lines to make it appear post card in size, it has *six* new tax schedules along with multiple changes and losses to some of the deductions and credits that we have been familiar with in years past. For those of you who are as anxious about this tax year as we are, please know that the staff here at Bottom Line Accounting has spent hours and hours in seminars to be better prepared for what's ahead. This will most certainly be an interesting and challenging year for all of us; but we believe here at Bottom Line Accounting we are up to the challenge. With the major tax law changes, this may not be the year to attempt taxes on your own, but if you do, we truly wish you the best.

No matter how you decide to handle your tax return preparation, we would ask that you read all the way to the end of this letter before you put it aside. There is information that will be meaningful and informative tucked inside this year's letter. Such as this new twist for 2018 filing: Did you know that you may be able to itemize on the State of North Carolina's tax return even if you can't itemize on the Federal return? Wow, that is different and makes our normal advice to "save and gather your tax information the same as last year" even more valuable. When we say that each tax year is unique, we truly mean it.

With the recent furlough of thousands of government employees there are many government services that have been closed. The IRS was one of those government departments that have been subjected to the shutdown. It wasn't until late last week that we learned that the IRS was bringing back a percentage of its employees as the 2018 tax return filing season is about to open. Of course, the weeks of furlough have created a major backlog of services. However, we are being told that electronic services should operate without delay once the IRS begins accepting individual returns on January 28, 2019.

As with the last couple of year's tax filing seasons, this year's tax season comes with "delayed" refunds for tax returns that include Earned Income Tax Credit (EITC) and/or the Additional Child Tax Credit (ACTC). The refunds will be delayed until the IRS can verify and match Forms W-2 and 1099.

We would advise you that increased "Due Diligence" requirements have resulted in more questions and more documentation needs. This year you will find us asking even more questions and needing even more documentation as the government has put an even greater responsibility and higher penalties upon tax preparers. As in past years, we will scan and save all major documents you present for tax preparation in your permanent tax file.

Please remember that we need ALL pages of your tax documents, both front and back. Not supplying all pages slows down the preparation process. We will return all of your documentation in your completed tax package. Should it be necessary to amend your tax return at a later date because documentation was not provided to us at the time of preparation/e-filing, there will be a minimum amended return fee of $125. This fee could be higher if additional forms are required after amending. Please make sure you have all of your tax documents before you ask us to e-file your return.

With the increase in identity theft and tax scams continuing to plague us all, the IRS is working hard to match data and cut-off the bad guys before they take your identity or tax refund. As for those horrible tax scams, please remember that the IRS will never initiate contact with you via the telephone, e-mail, or by knocking on your front door. The IRS will never ask you to pay a tax liability with prepaid cards of any type. If there are issues with your tax returns and/or tax liability, the IRS will always contact you via letter correspondence first. Don't give crooks any information or fall for their tricks and scams. So remember to either hang-up, hit the delete key, or shut the door on those scam artists!

**Documents Typically Needed to Prepare a Tax Return.** The following documents and information are good examples of what is generally needed to complete your tax return:

1) Copies of Social Security Card/Numbers for each taxpayer and/or dependent;

2) Copies of valid driver's license for the taxpayer and tax spouse (a requirement to help combat fraud);

3) Form(s) W-2 (wages, etc) (Pay stubs do not always have complete, accurate, or final information.

Therefore, the real thing is required to complete your tax return per IRS regulations.);

4) Form(s) 1099 (interest, dividends, miscellaneous, etc.);

5) Schedule(s) K-1 (income/loss from partnerships, S Corps, etc.);

6) Form 1095-A, B, or C, Health Insurance Marketplace Statements are key documents showing proof of

health insurance coverage for you and your dependents. If you purchased your health insurance coverage

through The Marketplace, you must have Form 1095-A to accurately complete your tax return. If you

received Forms 1095-B or Forms 1095-C, please include those in your tax documents.;

7) Form(s) 1098 (mortgage interest) and property tax statements for both houses and vehicles;

8) Copies of closing statements regarding the sale, purchase, or refinancing of real property;

9) Brokerage statements from stock, bond or other investment transactions, to include information regarding

the original cost of stock and the date purchased for any stock sold during 2018;

10) Legal paperwork for adoption, divorce, separation, and /or custody issues;

11) All other supporting documents (schedules, checkbooks, etc);

12) Any tax notices received from the IRS or other taxing authority; and

13) A copy of your 2017 tax return if it was *not* prepared by this office.

**Free e-file.** We are required to e-file your tax return and offer this service at no additional charge. There are many benefits to electronically filing: immediate acknowledgement that your return has been received, confirmation of acceptance/rejection, direct deposit in 10-20 days when refunds are due, and easy on-line payment options should you owe taxes.

**Payment for Services.** To keep our costs and prices as low as possible, payment for services can be made with cash, personal check, and/or credit card payments at the time of service. Payment is due when you receive your return unless a payment arrangement has been requested and approved prior to tax preparation. **Some clients may be asked to pay a retainer fee if they have had a slow payment history (you know who you are).**

**Call When You Need Help.** Remember that we are available year-round and your tax preparation fee generally covers the additional time we spend helping you during the year. And getting those pesky notices to us as soon as you receive them can make addressing them much easier, faster, and less costly.

**Engagement Letter/Tax Questionnaire.**  The engagement letter is an agreement which simply confirms the arrangements and responsibilities involved in preparing your tax return(s). All clients will be required to sign and submit a 2018 Engagement Letter prior to any tax return preparation work beginning. The 2018 Tax Questionnaire is meant to assist you in gathering information necessary to prepare your return and to act as a "tax road map" for us as we begin to prepare your return.

**Schedule Your Tax Preparation/Interview Appointment Early.** Due to the intricacies of the new tax changes, fewer returns will be completed in-person. We may complete a tax interview and then ask you to give us quiet time to prepare your return. We are now booking tax appointments and encourage you to make your appointment as soon as possible. For those of you who are out-of-state, we encourage you to either mail or scan documents as soon as you have all forms and documents. Returns received after March 31, 2019, may be subject to a $25 surcharge and additionally may require the filing of an extension.

Our policy is to process all tax returns in the order that they are received. Individual and business returns can take hours or days to complete. The return(s) ahead of yours may take longer than expected; however, know that we are always aware of your tax completion needs and work to meet filing deadlines for all clients. While we work quickly and efficiently, it is impossible for us to work around the clock. If it looks like all of your documents are not going to be available, or we are not going to be able to complete your return by the due date, we will file an extension on your behalf. Extensions do not raise "flags" with the IRS, but incorrectly filed returns can. Please keep in mind that we are processing tax returns in-and-around our normal business and accounting work, which have their own separate deadlines.

**There Is NO Extension for Paying Taxes Due on/by April 15.** Please remember that there is NO extension to pay taxes that are due on April 15 of each year. Tax returns and tax payments are two separate events. If you think you might owe taxes then you may have to make an estimated tax payment. And while we may assist you in determining the amount of estimated tax payment you should make, *we are not responsible if the estimate we recommend does not cover your tax liability*. Paying a little more can be a safer bet than not paying enough and owing late penalties on top of taxes. To be considered paid on time; taxes must be paid by April 15, 2019. Filing an extension for your tax return does not extend the time you have to meet and pay your tax liability. When you pay after the due date, you must pay additional late payment penalties and interest.

**Webpage: www.bottomlineaccounting.org**

We would encourage you to not only take a look today, but from time-to-time check back to see what information we might have to share with you. And, as always, we would encourage you to share this information with friends and family. You should find the information to be timely and informative. You will find a page with tax information and links which might be very useful if you need tax information or need to make a tax payment during the year. We are excited about our Internet presence and hope you will be too.

As always, this letter has a lot of information in it, but there always seems to be so much to share each year. We say this often, but please, do not hesitate to contact us if you need further assistance or have questions about your tax return. We truly care about your tax situation and treat your return and personal information with the same respect as we do our own.

When the bottom line counts, count on Bottom Line Accounting!

Nona D. Fisher

Managing Partner

Bottom Line Accounting

Office: (910) 424-0004

Fax: (910) 424-1803

e-mail: NonaFisher@aol.com

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