

E.E. TAX FINANCIAL SERVICES

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TAX NEWS & TIPS

YEAR END 2015

2015 Inflation Adjustments

Each year the IRS adjusts several tax items for inflation. Although these adjustments are small they will affect every taxpayer!

Some of the items with inflationary increases are:

- The Standard Deduction
- The Personal Exemption
 - Tax Brackets

These inflation adjustments will save the average married taxpayer about \$300 in their taxable income.

Healthcare Compliance Forms

IRS recently announced a delay in the deadline for providing Form 1095-B (Health Coverage) and Form 1095-C (Employer-Provided Health Insurance Offer and Coverage) to individuals. The new deadline is March 31, 2016.

This change has caused a bit of confusion because some believe they must have Forms 1095-B and 1095-C in hand before filing. Fear not. IRS has clarified on forms 1095-B, and 1095-C that taxpayers do not need to have the forms before filing:

If you are expecting to receive a Form 1095-A, you should wait to file your 2015 income tax return until you receive that form. However, it is not necessary to wait for Forms

1095-B or 1095-C in order to file.

Some taxpayers may not receive a Form 1095-B or Form 1095-C by the time they are ready to file their 2015 return. While the information on these forms may assist in preparing a return, they are not required. Individual taxpayers will generally not be affected by this extension and should file their returns as they normally would.

Be sure to bring in any healthcare information and forms you have. Also have dates for any healthcare coverage gaps you may have had in 2015. This information is required on all 2015 tax returns.

Check Out Our Website!

Need a worksheet?
Referring a new client?

www.eetax.com



Visit our website for deduction worksheets, forms and information on our new client referral program.

Got It All?

Here is a list of frequently missed items. Check these against your list.

Social Security Benefits. Find Form 1099-SSA. We must report the gross amount and not just your net monthly benefit. Your Medicare Premiums listed on the Form may also get you a medical deduction.

Employer Reimbursements. If employer reimburses an expense, we need records to be sure we claim only the excess. An example is reimbursement of business travel miles at less than the Federal reimbursement amount (54¢ per mile).

Child Care Expenses. I need the full name, address, telephone number and tax ID number of your care providers.

See "Got It All?" on page 3

In This Issue

- 2015 Inflation Adjustments
- Healthcare Compliance Forms
- Got It All?
- Tax Rule Changes for 2015
- April 18 Isn't Far Away
- Need To Send 1099s?
- Tax Deadlines

Tax Rule Changes for 2015

In mid-December, Congress renewed a long list of tax breaks known as “extenders” that have been expiring on an annual basis. This year many of the rules are retroactive to the beginning of 2015, and you can benefit from them in your 2015 return.

In addition, the *Protecting Americans from Tax Hikes Act of 2015*, which was signed into law on December 18, 2015, makes some of the rules effective through December 31, 2016. Others are effective through 2019, and some are effective permanently. Provisions in the Act also make changes to existing tax rules that were not part of the extenders. All of these changes will affect your tax planning for 2016 and future years. Here’s an overview of selected provisions.

- When you’re age 70 ½ and over, you can make a tax-free distribution of up to \$100,000 from your IRA to a charity. This provision was reinstated for 2015 and is now permanent.
- The tuition and fees above-the-line deduction for qualified higher education expenses is available for 2015 and 2016.
- If you’re a homeowner, you can exclude mortgage debt cancellation or forgiveness of up to \$2 million in 2015 and 2016. Discharges of qualified mortgage debt can also be excluded after January 1, 2017, if you have a binding written agreement in effect before that date. This tax break is only available for your principal residence.
- The maximum Section 179 deduction for qualified business property, including off-the-shelf software, is available for 2015 and is now permanently set at \$500,000 (subject to a taxable income limitation). The deduction is phased out above \$2 million threshold. Both thresholds will be indexed for inflation beginning in 2016.
- The additional first-year depreciation deduction, known as “bonus depreciation,” is available for 2015 when you buy qualified business property. The deduction is extended through 2019.
- You can claim the work opportunity tax credit for 2015 if you hired eligible individuals last year. This credit is extended for five years (through 2019).
- The deduction for up to \$250 of out-of-pocket eligible educator expenses is available for your 2015 return. It’s now permanent and will be indexed for inflation beginning with 2016 tax returns.
- You can choose to claim the itemized deduction for state and local sales taxes in lieu of deducting state and local income taxes on your 2015 return. This break is now permanent.

Because the Act was passed so late in the year, you’ll want to review your 2015 transactions to take advantage of applicable breaks and claim them on your 2015 federal income tax return. Also, with the rules now extended through 2016 (and in some cases beyond), you can begin to update your current tax plan with some measure of certainty.

Give me a call for more information and for help in determining which changes affect you.

HAPPY NEW YEAR!

May 2016 bring you peace, health and prosperity to both you and your family

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This publication has been sent to you by your tax advisor for informational purposes only. The tax opinions are generalizations and may not apply to all taxpayers.

April 18, 2015 Isn't Far Away...

Preparing your tax information is easy if you start early so that you have everything ready at the time we start to prepare your return.

Most tax records will show up in the mail in January. Keep all of these together in a special place. Collecting all of your tax related documents is important so that we report a complete and accurate return.

The IRS also gets copies of many of these documents...we don't want to miss any!
Let's review what you should be looking for...

☑W-2s. Read them carefully. Contact your employer if there is a problem or if you don't receive them by the end of January.

☑1099s. You get 1099-INT or 1099-DIV for any accounts that pay interest or dividends. Even tax-exempt interest will be reported. **IMPORTANT:** "Corrected" forms are always a possibility. Be alert for any announcements that warn you of these situations.

☑1095-A, B or C. These are new ones! You will receive a 1095-A if you purchased Health Care through the Health Insurance Marketplace and had part of your premium offset by the Premium Tax Credit. You will receive Form 1095-B from your insurance company and 1095-C from your employer.

☑Other 1099s. Real Estate sales are reported on 1099-S. Stock sales on 1099-B. Pension, 401K and IRA distributions are reflected on 1099-R. Pay special attention to forms 1099-A and 1099-C. These report foreclosures and debt consolidations...these may or may not result in taxable income. We need to see them to correctly prepare your return. Always look for "Important Tax Information Enclosed" on the envelope.

☑Form 1098. Reports mortgage

interest paid to a bank, savings & loan or credit union. These forms may also report real estate taxes (if payments are escrowed by the lender) and mortgage insurance premiums if applicable. 1098-T shows college tuitions. Make sure the kiddos watch for these forms-you'll need them.

☑Other Income. Look for reports of state tax refunds, unemployment income, prizes or gambling winnings (we need all W-2Gs), or rents that you collect.

☑Your Records. Check all of your records for income or deductions. Review everything that occurred during the past year. Check registers or calendars to help jog your memory. Look for medical related receipts as well as receipts for any taxes paid. If you recall paying a deductible expense but don't have a receipt, claim it. Charitable contributions are different - you must have receipts or your deduction could be challenged and denied! If you claim business miles make sure that you have your car's odometer reading at 12/31/15.

Start now. Make a list of any items that you are missing. Write down questions you might have for me.

It's your money at stake here - *let's make sure that you protect it!*

"Send 1099s" from page 4

as you received but you are filing as the "middle man." Usually these are Form 1099-INT or 1099-DIV.

You must send Form 1099 to the other party by February 1. IRS wants their copy from you by February 29. You pay a penalty for not sending them!

Getting the Forms. The IRS can send you the forms. Call the IRS at 1-800-829-3676 for forms. Our office can also help! Call us with the correct information and we can electronically file the 1099 for you. 1099s are \$15.00 each.

"Got It All" from page 1

Refinances. I need to see the settlement statement. Collect all documents associated with a refinance if you are unsure.

Business Records. Be careful to separate purchases of major equipment from other supplies.

Estimated Tax Payments. Find the date and amount for payments. Look at dates near payment due dates. April 15, 2015, June 15, 2015, September 15, 2015 and January 15, 2016. A January 2015 payment would have been claimed on your 2014 return.

Sales of Stock. Form 1099-B shows sale price and lots of other confusing data. If this form does not show the original purchase price you will need to find the original "buy" confirmation or ask your broker for the data.

Student Loans. Form 1098-T lists tuitions. I need these forms as well as details on the courses, all expenses and who the "student" was.

Sales of Property. The most important things is the settlement statement. Also gather all related documents.

K-1 Form Information. Schedule K-1 from partnerships, LLCs, S-corps and trustees always seem to arrive late. Don't worry. We can do the rest of your return and be ready to finish when the K-1 arrives. Make special note here...we don't want to file your return only to find out we were still waiting for a Form K-1.

Special Accounts. Do you contribute to an IRA, Roth IRA or Health Savings Account? These and others can cut your taxes. Make sure that I have all of the information on contribution amounts and dates of the contribution.

Complex Transactions. Please call if you have an unusual or difficult transaction. Foreclosures, sales or exchanges of real estate, casualties and the like can cause a lot of extra work. Have all the details!

Standard Mileage Rates Reduced for 2016

Business. Starting January 1, the standard mileage rate for driving a vehicle for business purposes is set at 54 cents per mile. That's down from 57.5 cents in 2015.

Medical and Moving. The rate for medical and moving mileage decreases from last year's 23 cents a mile to 19 cents a mile.

Charity. The general rate for charitable driving remains at 14 cents per mile.

Need To Send 1099's?

You may need to send Form 1099 to someone else. Here are a few cases:

Businesses. If you paid \$600 or more for services to any non-corporation during 2015 you may need to issue a form. Look at "business" expenses only.

Some bills show both labor and materials. If any of the payment is for service, report the total amount on Form 1099-MISC. Paying for merchandise alone doesn't count. Look for painters, consultants, builders and the

like. If you are unsure...call me.

You will need name, address and tax ID number for these people. Call them or send Form W-9 to request the information. If someone uses their own name, they should provide their Social Security Number (like 555-55-555).

Nominees. If you get a payment in your name and then pay part or all to another you must file the form. You file the same 1099

See "Send 1099s" on page 3

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Tax Deadlines

January 15 – Due date for the fourth and final installment of 2015 estimated tax for individuals (unless you file your 2015 return and pay an balance due by February 1).

February 1 – Employers must furnish 2015 W-2 statements to employees. Payers must furnish 1099 information statements to payees.

February 29 – Payers must file information returns (such as 1095s and 1099s) with the IRS. (March 31st is the deadline if

filing electronically).

February 29 – Payers must file information returns (such as 1095s and 1099s) with the IRS. (March 31st is the deadline if filing electronically).

February 29 – Employers must send W-2 copies to the Social Security Administration. (March 31 is the deadline if filing electronically).

April 18 – Partnerships and Individual returns are due. Extensions for Partnerships and Individuals are due.

March 15 – Corporation and S Corp returns due. Extensions for Corporations and S Corps are due.

March 31 – Applicable large employers (generally employers with 50 or more full-time employees in the previous year) must furnish Forms 1095-C, Employer-Provided Health Insurance Offer and Coverage, to employees. (The deadline for Form 1099-B and consolidated statements is February 16)