HOUSH & HOUSH CPA'S LLC

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December 8, 2016

Dear Client:

Our annual year-end "tax letter" is enclosed and is presented in the following six sections:

1. General Information
2. Reminders
3. Tax Law Changes
4. 2016 Tax Rates, Etc.
5. Tax Strategies
6. Important Notes and Recommendations

The enclosed one page (blue) ***"Affordable Care Act Questionnaire"*** **must be completed** by all of our clients due to the provisions of "Obamacare". If you had medical insurance coverage all year, this form will be very simple. ***<u>Be sure to include this blue form with your other tax information.</u>***

To "help us help you", please review the questions on the enclosed two yellow pages titled ***"Questions for Tax Savings"***. By reviewing this, you will help ensure that you take full advantage of the tax breaks available to you as a taxpayer. Check the box ***only*** if your answer to the question is ***"Yes"***. If you check ***any*** of the boxes, be sure to include the two pages with your other tax information. In addition, ***if you would like to do year-end tax planning, please call us as soon as possible*** to schedule an appointment.

So our staff can enjoy time with their family during Christmas, ***the office will be closed Saturday, December 24 through Monday, December 26***. ***We will also be closed Saturday, December 31 through Monday, January 2.***

We notified our clients in May about the changes at our office. Wade & Megan Housh, Housh & Housh CPA's, LLC, are now taking over administrative functions related to your account. Rick will be here during tax season. Debbie will continue to be our Office Manager. While we are separate entities, we all still share office space so that we may continue to work together to serve all of our clients as you've been accustomed to in the past. Be assured that we want your good experience with us to continue!

It is a privilege to be your tax advisors. ***Your business and friendship are truly appreciated.*** If you have questions about any of the following matters, please call us at 620-431-7000.

We wish you a very ***MERRY CHRISTMAS*** and a healthy, prosperous and ***HAPPY NEW YEAR!***

Sincerely,

Wade — Housh & Housh CPA's, LLC
Megan — Housh & Housh CPA's, LLC
Rick — Charles R. Sharp, CPA, LLC

SECTION 1: GENERAL INFORMATION

Office Calendar/Office Hours/Website/Email/Privacy Policy Disclosure

Saturday December 24 ***THRU*** Monday December 26	OFFICE CLOSED	***MERRY CHRISTMAS!!***
Saturday December 31 ***THRU*** Monday January 2	OFFICE CLOSED	***HAPPY NEW YEAR !!***
April 19 through May 1	OFFICE CLOSED	

Our tax season office hours from January 3 through April 18 will be from 8:00 am to 6:00 pm, Monday through Friday. We will also be open from 8:00 am until noon on Saturday.

From **May through November** our office is open from 8:00 am until 12:00 noon and from 1:00 pm until 4:30 pm. **We are closed on Fridays from May through November.**

Our **website address is www.houshcpa.com .** See related issues in Section 2.

Our **email addresses** are as follows:

Wade Housh:	**wade@houshcpa.com**
Megan Housh:	**megan@houshcpa.com**
Debbie Bass:	**debbie@houshcpa.com**
Sandi Eggers:	**sandi@houshcpa.com**

Rick's e-mail address is still **rick@sharp-cpa.com**

Privacy Policy Disclosure Notice

In accordance with the final rules published by the Federal Trade Commission on November 13, 2000, the following disclosures are made as the Privacy Policy of Housh & Housh CPA's, LLC: It is the policy of Housh & Housh CPA's, LLC to handle the information our clients and customers provide to us with the utmost confidentiality and care. Certified Public Accountants, like all providers of personal financial services, are now required by law to inform their clients of their policies regarding privacy of client information. CPAs have been and continue to be bound by professional standards of confidentiality that are even more stringent than those required by law. Therefore, we have always protected your right to privacy.

Types of Nonpublic Personal Information We Collect:
We collect nonpublic personal information about you that is provided to us by you or obtained by us with your authorization.

Parties to Whom We Disclose Information:
For current and former clients, we do not disclose any nonpublic personal information obtained in the course of our practice except as required or permitted by law. Permitted disclosures include providing information to our employees, and in limited situations, to unrelated third parties who need to know that information to assist us in providing services to you. In all such situations, we stress the confidential nature of information being shared. Under Kansas law, if you provide us with information which you identify as confidential pursuant to a professional engagement with us, we are not permitted to disclose that information without your consent, except in response to a court proceeding, to the Kansas State Board of Accountancy, or in the course of peer review of our firm.

Protecting the Confidentiality and Security of Current and Former Client's Information:
We retain records relating to professional services that we provide so that we are better able to assist you with your professional needs and, in some cases, to comply with professional guidelines. In order to guard your nonpublic personal information, we maintain physical, electronic, and procedural safeguards that comply with our professional standards.

(See back for Section 2)

SECTION 2: REMINDERS

- ***OUR WEBSITE address is*** www.houshcpa.com**.** In addition to providing information about our CPA firm, you can use the website to access a user friendly "client portal" that will allow you to securely upload information to us. Call or email us if you are interested in using our client portal.
- ***On our website,*** we keep updated employment forms that you can print and use in your business. We also have a blog and information about our services such as accounting and payroll.
- Use last year's ***"SOURCE DOCUMENTS"*** as a guide or checklist for the documents and information needed to complete your tax return. The "Source Documents" (with a bright ***orange*** cover sheet) will be in your envelope from last year with your copy of last year's tax return.
- ***THE IRS WILL NOT CALL YOU AND THE IRS DOES NOT USE EMAIL!*** If you receive a phone call or an email that claims to be from the IRS, it is actually an attempt to steal your money and/or your personal information. If you receive a phone call, do **NOT** provide any information. Simply hang up the phone. Likewise, do **NOT** respond to the email but print a copy and mail or fax a copy to us. We have had many calls from clients and other CPA's who have reported these scams.
- ***WE ENCOURAGE "DROPOFFS" OR MAILED TAX INFORMATION.*** Appointments are not always necessary and dropping or mailing your tax information can save you time. We can process your information and call you if there are any questions.
- To drop information after hours, use the ***MAIL SLOT*** in our front door on the left side of the glass.
- Please let us know if you need your tax returns early in order to complete your ***"FAFSA"*** (application for college financial aid). Please provide us with your tax information as soon as possible, preferably ***two to three weeks prior to the application deadline***.
- If you are ***SELF-EMPLOYED***, be sure to write a check to your spouse (on or before December 31) to reimburse for business or farm auto mileage (for business miles driven in a *personal* vehicle, and actual expenses are *not* being deducted for this vehicle). The mileage rates are listed in Section 4.
- ***MILEAGE LOGS ARE EXTREMELY IMPORTANT*** to support a deduction. The IRS can ***disallow*** a mileage deduction if there is not a contemporaneous mileage log.
- If you are enrolled in ***BASE 105***, to be able to deduct eligible medical expenses, you must have paid wages to your spouse on or before December 31. Furthermore, be sure that you have properly **documented** the hours worked and duties performed by your spouse to ensure the deductions under this plan would not be disallowed by the IRS. **Proper documentation is very important.**
- Do you ***ITEMIZE DEDUCTIONS***? If yes, please don't forget to list **"*Personal Property Taxes*"** (paid to the county treasurer for the property tax on a car, motorcycle, boat, etc.).
- ***CHARITABLE CONTRIBUTIONS:*** All deductions of any amount must have a receipt. Furthermore, any individual contribution of $250 or more must have a letter from the charity showing the date and amount and should state that no goods or services were received in return for the contribution. You must have this documentation ***before*** you file your return.
- Do you pay ***CHILD CARE EXPENSES*** to a babysitter or child care center? If yes, we must have the child care provider's name, address and social security number and the amount paid.
- If your ***CHILD TURNED 17*** this year, you will lose the $1,000 "child tax **credit"** for that child.
- If you pay ***ESTIMATED TAXES***, your final estimate for this tax year is due January 15.
- ***IF YOUR TAX INFORMATION IS RECEIVED LATE***, we will certainly make every effort to complete the tax returns by the April 15 deadline; however, if your information is received by us **after April 1, it may be necessary to file an extension**.

SECTION 3: TAX LAW CHANGES

To inform you of new tax laws, the following is a summary of some of the key provisions of tax law changes for 2016. These changes are broken down into three categories: Personal Income Tax Law Changes, Business and Farm Tax Law Changes, and Estate Tax Issues.

Personal Income Tax Law Changes

- Many states are requiring additional taxpayer authentication to issue refunds to mitigate fraudulent returns filed with the IRS. We do not yet know which states will require this, but we may need your drivers' license number(s) to submit with your e-filed returns.

- Under the 2010 health care reform law "The Affordable Care Act", often referred to as "Obamacare", there is an individual mandate requiring individuals and their dependents to have health insurance that is minimum essential coverage or pay a ***penalty*** unless they are exempt from the requirement. The penalty has increased to the **GREATER** of 1) 2.5% of household income (with certain ceiling limits), **OR** 2) $695 per adult ($347.50/child) up to $2,085.

- Again this year, there is a ***.9% tax on <u>earned</u> income*** over $200,000 for single taxpayers and $250,000 for married taxpayers. A ***3.8% tax on certain unearned ("investment") income*** when the "modified Adjusted Gross Income" is over $200,000 for single taxpayers and $250,000 for married taxpayers.

- ***There is a ZERO tax rate for a portion of your capital gains and qualified dividends:*** There is a very taxpayer-friendly ZERO tax rate available on a portion of your capital gains and qualified dividends. Since the computation will be based on your "taxable income", it does ***NOT*** necessarily result in zero taxes for all taxpayers or on ***all*** of your capital gains and qualified dividends.

- Increase in the Standard Deduction for Head of Household (only); see the chart in Section 4.

- ***Increase in the Personal Exemption to $4,050 (an increase of $50 from last year).***

- To receive federal ***assistance*** for health insurance you must obtain your insurance through **www.healthcare.gov**. Your income level will affect your final cost. Please let us know if you would like to discuss how this law impacts you.

- If you have foreign assets or signature authority over foreign bank accounts you may be required to file form FinCEN 114 which is now due by April 15th (was due by June 30th in the past). Let us know if you think this may apply to you.

- Kansas now has a "Low Income Exclusion". There will be no tax liability for taxpayers with taxable income lower than the following (must file to claim the exclusion): Married Filing Jointly - $12,500; Single, Head of Household or Married Filing Separately - $5,000.

(Section 3 is continued on back)

Business and Farm Tax Law Changes

- ***Depreciation "Section 179" expensing limit***: Now **permanent**, the annual deduction limit is $500,000 for tax years beginning in 2016 ($510,000 for tax years beginning in 2017). The deduction begins to phase out (potentially to zero) when the cost of qualifying assets place in service in 2016 reaches $2,010,000 for tax years beginning in 2016 ($2,030,000 for tax years beginning in 2017).

- ***Mileage rate:*** The simplified deduction for business auto use has decreased to 54¢ per business mile traveled during 2016. (The rate for 2017 has not been announced.)

- ***Kansas Income Tax Law Changes***: As a reminder, the Kansas tax law that went into effect in 2013 **EXEMPTS** business income (Form 1040; Schedule C), Farm income (Form 1040; Schedule F), and income from rentals, royalties, partnerships and S corporations (Form 1040: Schedule E) from Kansas tax. Guaranteed Payments received from a partnership ***ARE TAXABLE***, however. ***Losses*** from these activities are ***not*** deductible on the Kansas tax return.

- ***Sales Tax:*** The Kansas Department of Revenue is aggressively pursuing businesses of all types to make sure all sales taxes are being properly collected and/or paid. To be safe and to ensure that your business is in full compliance with the state sales tax laws, we recommend that you contact the Sales Tax Division at 785-368-8222.

- Several changes have been made regarding due dates for various tax returns. Due dates for returns and information returns are as follows:

  - W-2's & W-3's are due to the Social Security Administration by January 31st
  - 1099's & 1096 information returns are due by January 31st
  - Partnership AND S-Corporation returns are now due March 15th
  - C-Corporation returns are now due April 15th

Estate Tax Issues

- ***Gifts:*** The total amount of cash, real estate or other assets that you may give to one person in one year without any return filing requirements is ***$14,000.***

- ***Estate Tax:*** After 2010, a unified credit applies to taxable transfers by gift and at death. The unified credit offsets tax computed at the lowest estate and gift tax rates on a specified amount of transfers. This is referred to as the "applicable exclusion amount". The inflation adjusted applicable exclusion amount for 2016 is ***$5,450,000***. The maximum tax rate that applies to taxable transfers is 40%.

- ***Kansas does not have an Estate Tax***.

SECTION 4: 2016 TAX RATES, ETC.

Federal Income Tax Rates for 2016
(Amounts are *taxable* income from line 43 of Form 1040)

Rate (%)	*Single*	*Married Filing Jointly*	*Head of Household*
10	$0 - 9,275	$0 - 18,550	$0 - 13,250
15	$9,276 - 37,650	$18,551 - 75,300	$13,251 - 50,400
25	$37,651 - 91,150	$75,301 - 151,900	$50,401 - 130,150
28	$91,151 - 190,150	$151,901 - 231,450	$130,151 - 210,800
33	$190,151 - 413,350	$231,451 - 413,350	$210,801 - 413,350
35	$413,351 - 415,050	$413,351 - 466,950	$413,351 - 441,000
39.6	Over $415,050	Over $466,950	Over $441,000

Federal Standard Deduction for 2016

Filing Status	*Under age 65*	*Age 65 or over*
Single	$6,300	$7,850
Married Filing Joint	$12,600	$15,100 *
Head of Household	$9,300	$10,850

**Both* are age 65 or over

Maximum Social Security Taxable Wages

2016	*2017*
$118,500	$127,200

Maximum Earnings before Social Security Retirement Benefits Reduced

Age	*2016*	*2017*
Under Full Retirement Age	$15,720	$16,920
Year Full Retirement Age Met	$3,490 per month	$3,740 per month
Full Retirement Age	No Limit	No Limit

Taxable Social Security Benefits for 2016

Filing Status	*Provisional Income***	*Up to this percentage of your benefits will be taxed*
Single or Head of Household	Less than $25,000	0%
	Between $25,000 and $34,000	50%
	Over $34,000	85%
Married Filing Joint	Less than $32,000	0%
	Between $32,000 and $44,000	50%
	Over $44,000	85%
Married Filing Separate	Over $0	85%

** Provisional Income is generally defined as adjusted gross income plus tax-free interest and dividend income, plus 50% of Social Security benefits received.

(Section 4 is continued on back)

Adjusted Gross Income Limitations on *Traditional* IRA Deductions

Single or Head of Household

Retirement Plan Participation	*Full Deduction*	*Partial Deduction*	*No Deduction*
No active participation in a plan	Any Amount	(N/A)	(N/A)
Active participation in a plan	$61,000 or less	Between $61,000 and $71,000	$71,000 or more

Married Filing Joint

Retirement Plan Participation	*Full Deduction*	*Partial Deduction*	*No Deduction*
Neither spouse participates in plan	Any Amount	(N/A)	(N/A)
One spouse participates in a plan: Participating spouse	$98,000 or less	Between $98,000 and $118,000	$118,000 or more
One spouse participates in a plan: Nonparticipating spouse	$184,000 or less	Between $184,000 and $194,000	$194,000 or more
Both spouses participate in a plan	$98,000 or less	Between $98,000 and $118,000	$118,000 or more

Adjusted Gross Income Limitations on *Roth* IRA Contributions

Single or Head of Household	*Married Filing Joint*	*Married Filing Separate*
$117,000 to $132,000	$184,000 to $194,000	$0 to $10,000

Phase-out of Itemized Deductions AND Exemptions:

Phase-out for filing status:	*Begins at Adjusted Gross Income of:*
Single:	$259,400
Married Filing Joint:	$311,300
Head of Household:	$285,350

Standard Mileage Rates

Purpose	*2016*		*2017*
Business	54¢		TBA
Charitable	14.0¢		14.0¢
Medical	19.0¢		TBA
Moving	19.0¢		TBA

SECTION 5: TAX STRATEGIES

Year-end tax planning involves a comparison between two tax years and the related timing of income and deductions. There are three basic, simple rules: 1) Realize income when your tax rate is low, 2) Pay deductible expenses when your tax rate is high, and 3) consider the "time value of money" which means paying taxes today costs you more than taxes paid next year. Mostly, tax planning is a matter of timing. What shifting of income or expenses between 2016 and 2017 will result in the lowest combined tax, or a postponement of tax, or both?

Tax Saving Opportunities

- In years of large capital gains, consider selling stock that could be sold at a loss, then repurchase that stock **31** days later. This would help ***offset the capital gains*** and allow you to have the stock back in your portfolio. NOTE: If you are considering this strategy, call us so we can assist you.

- ***IRA*** - A traditional "Individual Retirement Account" offers tax-deductible contributions to qualifying individuals. Earnings on account investments accumulate tax deferred. You will pay taxes on account earnings and previously deducted contributions in the year of withdrawal. Generally, you must wait until age 59 ½ to withdraw money without a 10% penalty. You must begin taking "required minimum distributions" every year after you reach age 70 ½. This type of IRA can be paid on or before April 18, 2017 and still be deducted on your 2016 tax return. There are limitations if you or your spouse participate in a "qualified pension plan" (see the chart in Section 4).

- ***IRA Required Minimum Distributions*** – As mentioned above, once you reach 70 ½ you are required to withdrawal a certain amount of your traditional IRA each year. One strategy to consider that could affect your taxable income ***AND*** the amount of your social security that may be taxable is to give your required distributions to charity. In other words, if you tithe to your church or donate to a qualified organization anyway (especially if you don't itemize your deductions) then you can reduce your taxable income. This is a strategy that can be customized to your situation so let us know if this may be something that could help you.

- ***Roth IRA*** - Allows you to make a *NONDEDUCTIBLE* annual contribution of the lesser of 5,500 (reduced by contributions to all other IRA's for the year) or your earned income for the year.
  You may not contribute to a Roth IRA if your Adjusted Gross Income exceeds certain limits (see the chart in Section 4). You don't pay taxes or face the 10% early withdrawal penalty on "qualified distributions". A distribution is "qualified" if the Roth IRA has been open for more than five years and the distribution is made:

  - On or after you reach age 59 ½
  - For medical insurance premiums (with limits) to certain unemployed individuals
  - For qualified higher education expenses
  - For first-time home-buyer expenses (up to $10,000)
  - As a result of you becoming disabled
  - To your estate or beneficiary after your death

- ***SEP or SIMPLE IRA*** – Allows a larger deduction than traditional IRA's for most self-employed taxpayers.

- Deductions and credits are available for qualified ***college tuition and fees and books*** as well as possible deductions for ***student loan interest***.

(Section 5 is continued on back)

- ***Donate appreciated assets*** (including stocks) to a church or charitable organization. This can result in paying ZERO tax on the gain AND you can deduct the fair market value (instead of the cost) as an itemized deduction.

Example:

A taxpayer donates to his church, a stock that has a fair market value of $20,000 that was purchased over a year ago at a cost of $5,000. Assuming that certain income restrictions are met, he may deduct the entire $20,000 as a charitable donation. Not only does he save $5,600 in income tax (assuming a 28% tax rate) from the charitable deduction but he also avoids paying tax of $3,000 (computed at the highest rate of 20%) on the $15,000 gain. Results: He surrendered an asset worth $20,000 but his true "cost" (after these tax considerations) was only $11,400 ($20,000 less $5,600 less $3,000). And, of course, his church has the use of the *FULL* $20,000 (versus only $17,000 had he sold the stock, paid the $3,000 tax and donated the remaining $17,000 to the church).

- Deduct the fair market value of "***non-cash contributions***" donated to charitable organizations; for example, clothes given to Goodwill or other thrift stores. (This applies only if you itemize deductions.)

- If you normally do not itemize, it may be possible to ***"bunch" your itemized deductions*** every other year. By shifting two years' expenses into the "target year", you may be able to exceed the standard deduction. Examples for the "target year": Make 13 mortgage payments, pay the state estimated tax in December instead of January of next year, pay half of the real estate taxes for last year (in May) and ***all*** of the taxes for this year (in December). Consider paying in early January, the first half of real estate taxes that are actually due in December (though paid late, the penalty and interest charged by the county may be far less than the income tax saved). You can also prepay future contributions to church or charities.

- ***Depreciation write-off*** – See page 2 of Section 3 for important details related to first-year write-off of business assets.

- ***Pay your children*** – A business owner or farmer (operating as a sole proprietor) may be able to improve the family's tax situation by hiring their children to work for them and issuing the appropriate payroll tax forms and filings. In 2016, a dependent child of any age can earn up to $6,300 of wages tax-free (federal) because of the standard deduction. You'll be able to deduct the wages as a business expense, and your child will pay federal tax *ONLY* on their income that exceeds the $6,300 standard deduction. Moreover, no Social Security or Medicare taxes applies to a child that is ***under age 18*** for wages paid by a parent (who is operating as a sole proprietor).

- ***100% deductible medical insurance and medical expenses*** – If you are self-employed, a partner in a partnership, a member of a LLC, or a stockholder in a C corporation, you may be able to save tax dollars by setting up an "employee benefit plan" ("BASE 105"). This plan allows you to deduct (as a business expense) 100% of your qualifying health insurance and "out of pocket" medical expenses. Due to changing regulations be sure to contact us if you are interested in this type of plan.

If you are already set up on BASE 105, we will send you a letter in mid-December to assist you in preparing the necessary year-end reports. **Be sure to review the important note in Section 2 regarding these plans.**

VERY IMPORTANT:

Before applying any of the above strategies to your personal tax situation, you should contact us and we will be able to advise you as to the items that may be appropriate for you.

SECTION 6: IMPORTANT NOTES AND RECOMMENDATIONS

If you want to discuss any of these issues, be sure to check the last box on the "Questions for Tax Savings – 2016" and include the appropriate part of this letter with your other tax information.

1099's – Information Returns

If you or your corporation, LLC or partnership have paid $600 or more (*in the course of a trade or business*) in the calendar year of 2016 to an individual, partnership or LLC for rent, machine hire, commissions, interest or contract labor, you are required to file a 1099 with the IRS. It is not necessary to file a 1099 when the recipient is a corporation (a bank, for example). **The due dates for these to be filed with the IRS is now January 31st**.

VERY IMPORTANT: How is "contract labor" defined?

The Kansas Division of Human Resources (KDHR) and the IRS are very strict in their definition of "contract labor". In most cases, they treat the payee as an EMPLOYEE. If KDHR or the IRS changes the classification from "contract labor" (Form 1099 reporting) to employee status (Form W-2 reporting), there is a possibility that you may be subject to severe penalties. Furthermore, you will be responsible for the employees' share of payroll taxes in addition to the employer's share. If you are in doubt about the proper classification of someone you are paying, it is very important that you discuss this with us.

If you would like for us to prepare the 1099's please provide the amounts, what the payments were for, and the recipient names, addresses and social security numbers. The 1099's must be mailed to the recipients by January 31 to avoid penalties.

If we prepared your 1099's last year, we will send you worksheets at the end of December to assist you in assembling the necessary information for this year's 1099's.

Hobby Losses

If you are engaged in an activity that has a net loss, the IRS may disallow the loss under the "hobby loss" rules. If the IRS determines that the activity is not conducted as a "for profit" business, deductions may be limited to the amount of income from the activity.

Social Security Issues

The Social Security Administration provides a "Statement of Earnings" at www.socialsecurity.gov/mystatement .

It is important that you review this Statement to ensure that all years appear correct. We recommend that you print and keep this statement with other important papers. Also, we suggest that you ***ALWAYS keep, at a minimum, your TAX RETURNS and W-2's*** to prove your earnings to Social Security if ever necessary. At the same website, you can go to "Estimate Your Retirement Benefits" and click on "Benefit Calculators" for various options to **calculate your own retirement benefits**.

If you are self-employed and have a tax loss from your business or farm, you should consider paying in social security taxes by using the "optional method". This can be ***very important*** in that it may qualify you or your family for significant benefits from the Social Security Administration should you die or become disabled.

(Section 6 is continued on back)

Required Minimum Distributions (RMD's)

If you are age 70½ or older, you must take RMD's from your IRA's and other retirement plans. Make sure that you have withdrawn enough from your accounts. If you fail to take the Required Minimum Distribution, or take less than you are required to withdraw or if you miss the deadline, you could be subject to a ***50% IRS penalty*** on the difference between the amount you should have withdrawn and the amount you actually withdrew. **See the tax savings notes relating to RMD's on Page 1 of Section 5.**

Delinquent Payroll Taxes

If you are involved in a business (either as an owner or other capacity where you have *ANY* control over the payment of payroll taxes), it is important that *ALL* payroll taxes are paid on a current basis. The IRS can shut down a business over nonpayment of payroll taxes. Furthermore, there can be severe penalties and interest added to the balance due *AND* the IRS can attempt to obtain payment directly from the owner (or officer/principal) ***or*** the person in charge of payroll. If you are delinquent in filing payroll reports or in the payment of payroll taxes, it is very important that you take the necessary steps to become current.

Delinquent Income Tax Returns

If you are not current in filing your income tax returns, it is very important to see that you become current immediately. The penalties and interest and possible civil and criminal offenses are quite severe. Also, if you are due a refund, the return must be filed and ***RECEIVED*** (not just postmarked) by the IRS within 3 years of the original due date; otherwise, the refund will be lost.

Estate Planning

Anyone who owns property – a home, a car, a bank account, a retirement account, etc – needs an estate plan. Without an estate plan, state law will dictate how your assets are distributed after your death. Perhaps you need only a Will. However, there are certainly situations where a trust, for example, can save significant tax dollars (the federal estate tax rate can reach 40%). Gifting can also help reduce estate taxes.

There are several tools available to help minimize the burden of these so called "death taxes". If you (or your parents or other family members) have not done some recent estate planning, and you would like to discuss this, please give us a call.

Record Retention

We suggest that you retain copies of all of your income tax returns indefinitely. All supporting data, source documents, cancelled checks or other information related to the tax return preparation should be retained for at least seven years. These documents may be necessary to prove the accuracy and completeness of your returns to a taxing authority. Additionally, you should retain all records concerning asset purchases; e.g., real estate, stocks, bonds, and other business and investment property until such property is disposed of plus seven years after the disposition. Gift and estate tax returns should be kept indefinitely.