

December, 2016

RE: Heading into Q1 2017 what do I need to know

Clients/Prospective Clients and Friends

Before we know it April 15, 2017 will be here. I just want to give you some information along with your organizer to help with your preparation for smooth and easy filing of your 2016 return in Q1 of 2017.

INCOME

You should start to receive your W2's from your place of employment near the end of January or the beginning of February. Early in 2017, you will also start to receive information from pensions, investments, stock dividends, bank account interest and possibly Social Security and State tax refund from prior year. Some investment firms have this data on line early in 2017, I recommend talking with your advisor and seeing if you can get access to your account and year end statement instead of waiting for the mail. I also recommend you start a file and you put all these papers in one file so you can keep up with them.

DEDUCTIONS

You also want to look for your deductions for the 2016 tax year. If you own your home you will receive a statement about the mortgage interest you paid and it may or may not include the real estate taxes paid, this will depend on whether or not these are escrowed or you pay them out of pocket. If you pay them make sure you keep documentation and place it in the folder. Also, for those of you that do pay out of pocket, did you make sure you make the payment before 12/31/16 for it to count on your 2016 return? Also keep record of your personal property payments to the local authorities.

Don't forget about those charitable donation of personal property. How many times have you taken clothes or other items to good will? Make sure you get a receipt and keep a listing of what you donated and what you think a fair value would be for those items. How many times have you given to the church? Most churches give you a statement of your contributions. Make sure you get the statement in January and put it in your folder. If you do not receive it, ask for it.

ESTIMATED TAX PAYMENTS

Are you a filer that makes quarterly estimated tax payments? If so make sure you keep good records of the dates and amounts paid to both the IRS and the State of Va. Did you make that last State payment on before 12/31/16 in order for it count on the 2016 return?

LIFE CHANGES

Document all life changing events such as:

- New child born in 2016? Make sure you have a SS number and birth date and full name.
- Buy or sell a house? Make a copy of the HUD statement (that legal size paper that shows what the buyer paid and what the seller paid).
- New job? Keep records and you will have two W2's
- Did you have to move for your new job? Keep records if you had to move over 50 miles.
- Did you marry or divorce?
- Did your spouse pass away or a relative and you are the executor? There could be some additional paperwork to be done and filed.

THINGS TO CONSIDER

Health Insurance – It has been a big topic in 2014-2016. As you know you could incur a penalty on your tax return if you did not have health insurance coverage. So make sure you and or your family are covered by your employer or you are personally paying for the coverage in 2016. You need to have this documentation for your taxes

Identity Fraud – As you may know the IRS was the target of hackers in 2015 and 2016 the hackers got away with some sensitive personal information. This is causing electronic returns to be rejected by the IRS as your Social Security number may have been used to claim a fraudulent return. You then have to file a paper return and explain why. However the IRS is now developing a system to let victims go on line and view a redacted copy of the false return and will help figure out how much of their personal data has been compromised. We will go one step further and be adding your driver's license number to the return to help further identify you on the tax return

Do you have a business? Make sure you are keeping good accurate records and not mixing business with your personal records. Also if it is an S-corp. or Partnership the filing deadline is March 15 filing deadline. It is one month before the personal. **This is a change for Partnerships** C corps are due now on April 15 and not March 15. **This is a change for C corps.**

I recommend filing as soon as you can get your information gathered in order to find out where you stand. Once you know that then you can decide how you want to proceed. If you wait then you are making decisions based on a deadline and are not in as much control.

Thank you and I hope this little bit of information helps you with a smooth transition.

Sincerely,

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