

Specific Additional Guidance for Tax Year 2017

1. Arizona Tax Credits: Many valued clients have taken advantage of the opportunity to support schools and/or charities through tax credit contributions that can reduce income tax on a dollar-for-dollar basis. In other words, these programs allow you to self-direct your taxes to programs you choose to support. These credit programs were improved with higher limits and extended deadlines allowing you to donate by the April 17th deadline and count the credit on your 2017 returns. Please visit our website and choose the "[AZ Tax Credits](#)" tab to find more information as well as links to suggested recipients.

2. Engagement Letter: To streamline the process of submitting your tax information we are encouraging all clients to download the required *Engagement Letter* from our website at <https://www.oneilsteiner.com/tax-documents.html>. The *Engagement Letter* is located on the Tax Documents tab and should appear as a red button. Please choose the version that matches your marital status as of 12/31/17. By printing, completing, signing and initialing the engagement letter after making your selections (in sections on pages 3-5 where boxes appear) you will reduce time to check in your return. The most common response in election sections appears first. Please remember, if you are married, both spouses must sign/initial where indicated. If you are not able to print the letter, we would be happy to provide copies. The *Engagement Letter* must be received before we can begin preparation services.

Also available at www.oneilsteiner.com under the tax documents tab are additional organizers; documentation requirements for medical expenses, charitable donations; and other helpful items.

3. Healthcare Coverage: While the requirement to report insurance coverage was temporarily suspended in the second half of 2017 the new tax reform brought it back for tax year 2017. Taxpayers should expect to receive healthcare coverage confirmation forms from their employer and/or insurance provider. Coverage is reported on Forms 1095-A, B, and/or C. These forms report the months you were covered by minimum essential health insurance. Without minimum essential health insurance, unless you qualify for an exemption, you will be subject to the Shared Responsibility Payment generally referred to as the penalty.

Please include all Forms 1095-A, B, and C with other records when you bring us your returns. In addition, please review your information and provide information regarding gaps in health insurance coverage and exemption certificates for all members of your household unless everyone was covered for all twelve months. An individual is considered to be covered for any month as long as they had coverage for at least one day during the month.

Example: John covered with minimum essential coverage all year

Jane covered for all but March, April, May, June, and July

Johnny Jr. covered for all but June and July

Jane received an exemption from the healthcare.gov marketplace for March and April.

4. Charitable Contribution Record-Keeping: Rules regarding the records you must keep in case of audit have been around forever. Unfortunately some CPAs have reported clients failing IRS and Arizona review for a lack of qualified records. We don't want our clients to have this vulnerability. The records you must have to prove your donation increase depending on the value of the donation. Specific language is necessary as well, and some charitable organizations fail to meet the requirements. Letters should state whether the recipient organization provided **any goods or services in return for the contribution**, and if so, must give a good-faith estimate of the value of the goods or services. If you receive a letter that fails to include this language please be sure to call and request a letter that meets the requirements. Additional information is available in our Charitable Contribution Substantiation letter.