

Pre-2018 Filing Season

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GREETINGS

Hello and Early winter-time greetings.

Another tax season is just around the corner and now is a perfect time to prepare to close out 2017 as we begin the process of planning for the 2018 tax filing season.

In September, I had the opportunity to attend the IRS Tax Forum in San Diego, CA. It was a very informative three-day session and an opportunity to gain 18+ hours of Annual Filing Tax Preparer (AFTP) Program credits towards tax knowledge, ethics and updates for those of us registered with this IRS program. This volume will include some highlight information.

FINAL '17 ESTIMATED PAYMENT

PAYMENT #	DUE DATE
4	January 15, 2018

The Federal and State estimated payments for 2017 are officially due by 1/15/2018. However, paying the 4th estimate for the **State by Dec. 31 of the current year may give you a better Schedule A itemized deduction for 2017** versus paying the estimate in 2018.

UPDATES

The **2018 standard mileage rates** had not been released prior to the production of this newsletter. Information will be available in January.

2017 Standard Deduction

The standard deduction (for individuals not itemizing deductions on Schedule A) is slated to go up as follows compared to 2016:

- Single filers: **\$6,350**, up \$50
- Head of household: **\$9,350**, up \$50
- Married filing Sep: **\$6,350**, up \$50
- Joint filers: **\$12,700**, up \$100

Those who are over 65 or blind are entitled to an additional standard deduction.

Single receive an additional \$1,600 if they are either over 65 or blind, or \$3,200 if both conditions apply.

Married filers receive an additional \$1,300 per condition, allowing for a maximum increase in the standard deduction of four times \$1,300 or \$5,200.

2017 Personal Exemption

The personal exemption amount for you and a dependent on the return is slated to be **\$4,150**, up 100 compared to 2016.

TAX FORUM & REFORM ACT OF 2017

As of the time of the mailing... the US Senate had passed its version of the 2017 tax reform act (aka "Tax Cuts and Jobs Act of 2017"). The US House of Representatives passed its version in November 2017. The act is intended to simplify the tax code of 1986 and is expected to be approved and signed by the president once the two versions are reconciled. The provisions will apply to 2018 tax returns and beyond.

Please be aware that the following key* proposed changes (in blue), based specifically on the HOUSE's plan, may be changed before final approvals and the president's signature.

2018 Tax Brackets

Reduce the number of marginal **income tax rate brackets** from seven to four. And indexing tax rates which is expected to lower taxes for the individual(s):

- \$0 to \$89,999 - Taxed at **2%**; the 15% bracket would be eliminated,
- \$90,000 to \$260,000 - Taxed at **25%**; the 28% bracket would be eliminated,
- \$260,000 to \$1 million - Taxed at **35%**; the 33% bracket would be eliminated,
- Over \$1 million - Taxed at **39.6%**.

2018 Deductions and Exemptions

The standard deduction would be doubled - \$12,700; however, the personal exemptions would be eliminated. This would have a major impact on families with 2 or more dependents.

Other Changes

The **deduction for State and Local taxes** taken on the Schedule A (Itemized Deductions) would be eliminated.

The **corporate tax rate** would be reduced to 20% (from 35%) but eliminate most business deductions and credits.

The **Affordable Care Act (ACA)** would also be impacted. Though individuals would be required to have health insurance, the penalty for not having health care coverage would be eliminated.

There remain major differences between the House and Senate bills. More information will be published and announced as the Act moves forward for approval to become tax law.

BE AWARE OF IMPOSTERS/SCAMMERS

Tax scams have increased considerably, even targeting tax professionals. Please do not fall victim to emails or telephone scams.

The IRS will never:

- Call, Text or email to demand immediate payment, nor will the agency call about taxes owed without first having **mailed** you several bills or notices.
- Ask for credit or debit card numbers over the phone or via email.

Please report the incident to the Treasury Inspector General for Tax Administration (TIGTA) at 1.800.366.4484 or at www.tigta.gov. (A similar process also applies to the State but report the attempt to scam to Virginia at 804-367-8031.)

2018 FILING DEADLINE

As with this past tax season, there is a shift in the filing due date for next year's federal 1040 return. By law, the due date is the 15th day of the fourth month following the close of the tax year (calendar year- typically) or the next business day thereafter that is not a holiday. April 15, 2018 is on a Sunday, however, the 16th is recognized as Freedom Day, a holiday in Washington, DC, therefore the 2018 filing due date is **April 18th** for the Federal return and some state returns. That means three additional days to file the tax return, unless an extension is requested. Tax liabilities are due on 4/18/2018 regardless if a federal extension is filed. **The Virginia return is due on May 1st.**

LIFE CHANGING EVENTS

Remember, life changing events (i.e. marriage, adoptions, new births, retirement, new job, illness, etc.) happen and may have a major impact of your tax situation. Please keep your tax professional updated to avoid any unexpected surprises when you file your tax return.

MILE IQ

NEW TOOL for those that report business mileage!

MileIQ is an application that you can utilize to record all business miles for tax reporting. Remember, in order to be allowed as a deduction, all business mileage **MUST** be documented. **Over the years, the IRS has increasingly disallowed mileage expenses for undocumented travel.** Please remember to document the date, business purpose and total business miles for each trip. You must also document the total miles driven for the year (business and personal) for calculating percentages of certain actual vehicle expenses for deduction. **MileIQ makes these tasks so much easier.**

Download the app and create an account. Your phone will do the rest. ALL trips will be logged and with a swipe of your finger, you can classify each trip as business, charitable, personal, etc. The application will also allow you to add notes relating to the trip. The data is emailed to you monthly.

Current CAFe clients that sign up for a paid subscription to this tool and bring in their subscription confirmation at the time of the 2018 tax preparation appointment will receive \$5 off the total tax preparation fee. That's an even greater discount for those who purchase a subscription and use the app.

Give the app a try. You will be amazed at how easy it is to use and all your travel backup is documented and managed for you!

Please see the attached MileIQ brochure for more information and the CAFe discount code!

(There is also a limited FREE version of the app you may download and use to test the benefits of the tool.)

NEW TAX SOFTWARE FOR 2018

For the 2018 filing season, CAFe will utilize a new tax software package for tax preparation. The software will allow easier communication options with clients via Text Messaging (as needed) and provide for in-office signature capture via signature pad. We will continue to utilize the remote signature feature for clients that prefer to upload data and avoid the drive to the tax office. Please bear with us as we become familiar with the various aspects of the new software. We are now training on the software to minimize "hiccups" at the time of your tax preparation appointment. ☺☺☺

WINTER SAFETY TIPS

As the cold of winter approaches, here are a few helpful Tips to keep you safe.

- Winterize your home.
 - Clean out gutters and repair roof leaks.
- Check your heating systems.
 - Have your heating system serviced professionally to make sure that it is clean, working properly, and ventilated to the outside.
 - Inspect and clean fireplaces, furnace exhaust vents and chimneys.
- Install a smoke detector and test its battery monthly.
- Have a safe alternate heating source and alternate fuels available in case of power failures.
- Prevent carbon monoxide (CO) emergencies.
 - Install a CO detector to alert you of the presence of the deadly, odorless, colorless gas.
 - Change CO detector batteries when you change your clocks in the fall and spring.
 - Keep lit grills, camp stoves, and running



generators **out** of the house, basement and garage.

- Locate emergency use generators at least 20 feet from the house.
- Leave your home immediately if the CO detector sounds, and call 911.
- Learn symptoms of CO poisoning: headache, dizziness, weakness, upset stomach, vomiting, chest pain, and confusion.
- Clear snow and ice from a vehicle's exhaust area to prevent CO from entering the cabin area while the vehicle is idling.
- Keep an emergency kit in your vehicle(s) in case you become stranded. The kit should include:
 - blankets;
 - food and water;
 - booster cables, flares, tire pump, and a bag of sand or cat litter (for traction);
 - compass and maps;
 - extra set of clothing;
 - flashlight, battery-powered radio, and extra batteries;
 - first-aid kit;
 - plastic bags (for sanitation);
 - power-pack for cellphone battery charging

Most importantly, be safe when dealing with winter weather and follow the local news and weather broadcast for updates!

from the net: <https://www.cdc.gov/features/winterweather/>

OUR WEB PRESENCE AND SECURE SITE

Our mobile phone and tablet-friendly website address is:

www.cafenterprisesusa.com

Visit and take advantage of the various free tax planners and data collection templates.

For client convenience, CAFe provides totally remote services. **TELL A FRIEND!** Clients do not need to visit the office as all the services offered (except notarial acts for now) can be performed via email, mail, text message, fax or via the Secure Xchange website.

We will continue to utilize the secure server feature as it affords secure upload and instant access to information from both tax preparer and client perspectives.

Secure communication can occur all year long. Instant notification is sent when files are uploaded or changed on the portal. Files are accessible through October 31 (minimum) of each year. Download your personal copies before that date.

REFERRALS

The tax preparation business is unique in that it is a mature business model yet it grows primarily by word of mouth.

Your referrals are valuable. As a thank you, we offer the referral bonus for each new and paid client you refer.

The information contained in this newsletter is free to use. Data is derived from the IRS websites and newsletters as well as other sources as noted. No rights are claimed by CAFe on information, or icons included in this document.

Call us if there is a tax need or question! We are here to assist you year-round.

LOOKING FORWARD TO SEEING YOU IN 2018!

PLEASE BE SAFE AND ENJOY YOUR WINTER.



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Merry Christmas & Happy New Year



WISHING YOU A MERRY CHRISTMAS!!!

ChristmasCarolMusic.org - free Christmas carol sheet music

We Wish You a Merry Christmas

traditional English
harm. Edward L. Stauff

1. We wish you a mer-ry Christ - mas, we wish you a mer-ry Christ - mas, we
2. Oh, bring us a fig - gy pud - ding; Oh, bring us a mer-ry pud - ding; Oh,
3. We won't go un - til we get some; We won't go un - til we get some; We

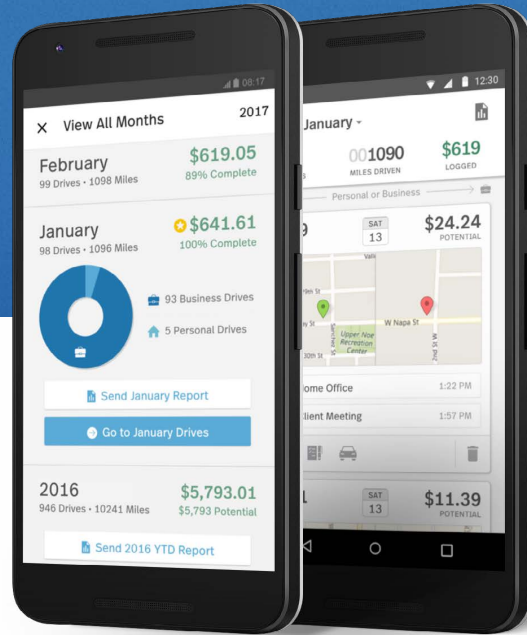
wish you a mer-ry Christ - mas, and a hap - py new year. Good tid - ings we
bring us a fig - gy pud - ding and a cup of good cheer: here:
won't go un - til we get some, so bring some out

bring to you and your kin, we wish you a mer-ry Christ - mas, and a hap - py new year!



Meet MileIQ.

Over 2 million users trust MileIQ to automatically log their mileage and help get their largest mileage deduction yet.



Automatic Detection

Capture every mile you drive, no start or stop required.



Easy Classification

Mark drives as business, personal, create a custom purpose with a swipe.



Personalized

Set your preferences, add vehicles, locations and let MileIQ cater to you.

EXCLUSIVE DISCOUNT

Save 20% on unlimited drives
by using the promo code: **CFER358A**

Try MileIQ free for 40 drives per month. Download MileIQ by searching for "MileIQ" in the App Store or Google Play.

To upgrade to unlimited drives at the discounted rate:

- Step 1:** Visit dashboard.mileiq.com
- Step 2:** Sign in to your MileIQ account with the same username and password that you use in the app
- Step 3:** Click "Get Unlimited Drives"
- Step 4:** Use the promo code at checkout to take 20% off an annual plan

Answer to my prayers

"This app is working when you don't even know it. It will save me a ton in business taxes."

★★★★★ -Daedaloo7

My accountant loves this app

"Now I can take all my mileage and back up my claim really well."

★★★★★ -Katj51

Love it

"It makes my tax life so much easier. Thanks!"

★★★★★ -Lindaxenia