

Non-Standard Elections Form – Tax Year 2018

1. Arizona Non-Conformance Election

Arizona tax law uses your federal adjusted gross income as a starting point, and then adjusts that income for items that Arizona treats differently than the federal government (non-conformance items). Each time the federal government makes changes, Arizona must decide if it will accept those changes or if those changes will be considered “non-conformance” items that must be adjusted on your state return. Changes in federal law that occur late in the year may not be addressed until summer. You must choose between two alternatives. You can have us prepare your return with a “best guess” as to what the state legislature will do in regards to federal changes not addressed at the time your returns are completed, or have us request an extension of time for you to file your return.

If we prepare your return now, we will do so based on our tax software manufacturer’s assumptions as to what the Arizona law will be. Our tax software is Pro-Series by Intuit. If those assumptions prove later to be incorrect, you may need to file an amended return. If we prepare this amended return, it will be at an additional fee. In addition, if the amended return results in additional taxes you will be responsible for additional penalties and interest. If we request an extension of time for you to file your return, you may submit an estimated payment with the request for extension. If it is discovered that you owe Arizona tax, you will be charged additional penalties and interest for late payment.

While you should make the best decision based on individual circumstance the vast majority of our clients choose to file based on the best guess of what the state will do with these items.

- I choose to have my Arizona return prepared now, based on your tax software’s best guess as to what Arizona tax law will be.
- I choose to file a request for an extension of time to file my Arizona return.

Initials: _____

2. Third Party Representation

Taxpayers can authorize the IRS to discuss their tax return with the professional who signed the taxpayer’s return as the preparer. The authorization is granted by checking a box above your signature on the return. By checking the “yes” box, you are granting the IRS permission to contact your preparer with questions, additional information requests, etc. You would also be granting our firm the permission to (1) provide the IRS with any missing information required to process your return, (2) call the IRS to check return/refund status, and (3) respond to any IRS notices that you have provided to our firm relating to mathematical errors, offsets, and return preparation. Please note that our firm will not receive separate copies of IRS notices; therefore, you must provide our firm with copies of any notices you receive from the IRS. Once elected, the authorization cannot be revoked. The authorization is valid for one year after the due date for filing the tax return.

- I wish to authorize my preparer as discussed above.
- I choose to **not grant** third party designee status at this time.

Initials: _____

3. E-File Requirement Notice

We are required to e-file all tax returns unless a taxpayer chooses to elect out of e-filing. We encourage e-filing and the vast majority of our clients participate.

- I choose to have my return e-filed. I have the same bank account on file from last year, or have provided a voided check from the bank account I wish to have on file for refunds.
- I wish to elect out of e-filing and choose to file my return on paper forms. (+ \$50 fee)

Initials: _____

Additional available payment option (**Rarely chosen**)

- **Rare**** If, after completion of my return, it is determined that I owe taxes I elect to have the IRS and Arizona direct draft the total amount due from my bank account rather than mailing in a payment. The payment will be scheduled for processing on April 15th.

Initials: _____

Staff Member Confirmation: _____

4. Foreign Bank, Securities, Trusts or other Financial Accounts

Due to additional reporting and expertise requirements I/we have been informed that O'Neil & Steiner, PLLC is not accepting engagements to prepare returns for taxpayers with certain foreign activities. I have been asked if anyone represented on my return, at any time during the tax year in question, had an interest in; or signature, or other authority over a bank, securities, or other financial account in a foreign country. I/we was also asked if anyone was a grantor, transferor or beneficiary of a foreign trust. With a full understanding that I/we are responsible for the accuracy of my return:

- I/we certify that the answer to all foreign activities listed above is no.

Initials: _____

5. Charitable Donations

- I/We have reviewed the charitable contributions substantiation requirements on the oneilsteiner.com website, or received a hard copy from the front desk. I/We understand the responsibility to be sure adequate charitable receipts, letters, appraisals as necessary have been received, per the instructions, for donations listed in my tax packet and/or organizer.
- I/We are not claiming charitable contribution deductions this year

Initials: _____

6. Conflict of Interest Notice

A conflict of interest can occur when a CPA owes a duty of undivided loyalty, utmost good faith, full, fair, and frank disclosure, fair dealing, and reasonable care. A conflict may arise when meeting this level of care for one client results in failing to meet it for another. This may occur where there are multiple parties to one accounting engagement or when multiple engagements are in some way related. Common examples of this are joint returns filed for married taxpayers, representation of an employer and their employees, multiple owners of the same business, or major competitors engaging the same CPA firm to prepare tax returns and/or provide other services.

Due to the standards established by the AICPA we are informing all clients and potential clients that we cannot and will not violate conflict of interest standards in order to maintain confidential information. You may wish to obtain legal counsel to determine the potential impact of this waiver.

This firm requires that a conflict of interest waiver be signed prior to the start of all engagements that are mentioned above. We request that you help us to identify any relationships that need to be addressed in this regard.

- The answer to all above is no. No conflicts of interest exist to my knowledge.
- I have documented the known conflicts with a staff member.

Initials: _____

7. Mortgage Interest

The deduction for mortgage interest under the Tax Cuts and Jobs Act (TCJA) reforms effective from 2018-2025 is limited depending on three factors: (a) the property used to secure the loan, (b) the use of the loan proceeds, and (c) the total of mortgage balances throughout the year. If each of the Forms 1098 Mortgage Interest Statements included in your tax packet meets all of the following requirements your interest is 100% deductible for the tax year.

- a. Proceeds were used entirely to buy, build, or improve your primary or second residence.
- b. All loans are secured by the same home that was purchased, built, or improved.
- c. Combined mortgage loan principle balances never exceeded \$750,000 (\$1M if all loans incurred before 12/15/17).

The only exemption to the first two qualifications is if the loan was secured before 10/13/1987.

If you have mortgage debt that was secured after 10/13/1987 for which any of the three items a-c above are untrue your ability to deduct the mortgage interest on Forms 1098 Mortgage Interest Statement will be limited. If this is the case please select the last option and request a Mortgage Consultation be scheduled for you to discuss your circumstances in detail with your preparer.

- All mortgages reported on Forms 1098 Mortgage Interest Statements are either (a) grandfathered, or (b) satisfy all three items "a-c" above.
- I have scheduled a Mortgage Consultation to discuss this in detail with my CPA.

Initials: _____

8. Healthcare Coverage

Minimum essential coverage is required for each household member (yourself, spouse if married, and all dependents you are claiming for tax purposes) for 2018. To document coverage you should receive and maintain Forms 1095-A, 1095-B, and/or 1095-C showing the names of the household members covered and indicating either the months of coverage or full year coverage.

If you have all received all of the Forms 1095 for the tax year please select either the Option #1 (if everyone had full-year minimum essential coverage), or Option #2 (if your Forms 1095 show all qualified coverage, but some household members had periods of non-coverage) and submit Forms 1095 with your packet.

In prior years some insurers have been delayed in sending out Forms 1095. If you are sure each household was covered for all 12 months by a qualified minimum essential coverage not purchased through the Marketplace (by an employer, Medicare, AHCCCS, etc.) you may choose to wait for your forms (your return will be held with other packets waiting for information). Your other option is to select the Option #3 declaring no household members received Advanced Premium Tax Credit (APTC) to be accounted for, but all household members were covered all 12 months. Selecting the third option allows us to place your return in line for preparation without waiting for your Forms 1095. However, if this proves to be incorrect the cost to prepare amended returns, additional taxes, and resulting penalties and interest are your responsibility.

If no household member had qualified insurance during the year you can select Option #4.

In rare cases a taxpayer may be exempt from the Shared Responsibility Payment, sometimes referred to as the penalty, under one of the exemptions provided under current law. Some of these exemptions are granted by applying through the Marketplace. If approved, you will receive an Exemption Certificate to submit with your tax documents. Other exemptions are reported directly on your return. Please refer to <https://www.healthcare.gov/health-coverage-exemptions/> for additional information.

Due to the detailed requirements to qualify for exemptions not granted through the Marketplace we require a consultation (additional fees apply) to prepare returns to claim these exemptions. If you need to schedule a consultation to discuss claiming an exemption please select Option #5.

- Option #1: I/We have received & provided all Forms 1095 with full year qualified coverage.
- Option #2: I/We have received & provided all Forms 1095, confirming all coverage is included. However, one or more household members had periods of non-coverage.
- Option #3: While I/we have not received all forms 1095 please file my returns without them. I/We confirm full-year qualified coverage and no APTC through the Marketplace.
- Option #4: No household member had qualified coverage at any point during the year. You will be subject to the Shared Responsibility Payment (calculated after determining your income for the year) for the full year unless you provide an Exemption Certificate.
- Option #5: I have special circumstances. Please schedule a consultation for me to discuss them with a CPA. (Additional fees apply)

Initials: _____

I/We confirm the sections completed above represent all of our Non-Standard Elections.

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