

PHILIP SEZ ✓ IT OUT YEAR-END TAX PLANNING TIPS

Hello Everyone

Happy Holidays to you and yours!

I KNOW SOME OF YOU ARE BORED TO TEARS WITH THIS STUFF, BUT AT LEAST READ THE RED AND BLUE THINGS! PRESIDENT OBAMA SIGNED A TAX EXTENDERS BILL INTO LAW IN THE LAST FEW DAYS. LOOK FOR A DOCUMENT WHICH WILL BE POSTED TO THE PHILTAX WEBSITE UNDER “PHIL’S DOCUMENTS & FORMS” IN THE NEXT FEW DAYS.

IF YOU HAVE NOT YET READ THE EXTRA DOCS I INCLUDED WITH THE SNAIL MAIL NEWSLETTER A COUPLE WEEKS AGO ON OBAMACARE AND THE REPAIR REGULATIONS, PLEASE DO SO IMMEDIATELY. THEY WILL HAVE A HUGE EFFECT ON YOUR TAXES.

AIRBNB, UBER, ETC.: CRITICAL IMPORTANCE. IF YOU HAVE RECEIVED MONEY FROM AIRBNB, HOMEAWAY, VRBO, OR ANY OTHER SERVICE IN 2014, I WANT YOU TO CONTACT THIS OFFICE BY JANUARY 31ST AT THE LATEST, OR YOU MAY BE IN DANGER OF HAVING YOUR ENGAGEMENT WITH US TERMINATED. DITTO IF YOU HAVE BEEN PAID FOR DRIVING FOR UBER, LYFT, OR SIDECAR. I BELIEVE AIRBNB WILL BE ONE OF THE BIGGEST MONEYMAKERS FOR IRS EVER, AND THAT WE WILL SEE MASSIVE AUDITING ON RECIPIENTS OF MONEY.

IF I AM GOING TO PREPARE 1099S FOR YOU, I MUST HAVE THE REQUIRED INFORMATION NO LATER THAN JANUARY 18TH OR I WILL DECLINE TO PREPARE THEM.

BE SURE TO ALWAYS CHECK THE PHILTAX WEB SITE FOR ANY BREAKING NEWS REGARDING TAX LEGISLATION. THE SITE HAS REDESIGNED AND WE ARE VERY PLEASED WITH IT. IF YOU HAVE NOT VISITED THE WEB SITE, PLEASE DO SO. TAKE ADVANTAGE OF THE MANY EXCELLENT TOOLS AND FINANCIAL CALCULATORS. YOU SHOULD MAKE A HABIT OF CHECKING IT OFTEN, AS MORE COMMUNICATIONS WILL BE PLACED THERE. ALWAYS CHECK “PHIL’S DOCUMENTS & FORMS” UNDER THE RESOURCES PAGE, OR THE LINK TO IT ON THE RIGHT SIDEBAR OF EACH SCREEN.

I RECOMMEND SIGNING UP FOR OUR QUARTERLY EMAIL NEWS BLAST. YOU CAN ALSO CHECK THE ARCHIVES OF PAST ISSUES IN THE NEWSLETTER PAGE. SUBSCRIBE AT: <http://www.philtax.com/subscribe>

IF YOU USE YOUR CAR FOR BUSINESS, BE SURE TO NOTE YOUR ODOMETER READING ON 12/31! THIS TAKES ABOUT A MINUTE. BY DOING IT EVERY YEAR, WE WILL ALWAYS KNOW YOUR TOTAL MILES DRIVEN. SEE INTERESTING ARTICLE ON TRACKING MILEAGE LATER IN THIS NEWSLETTER.

IF YOUR INCOME EXCEEDS \$200,000, YOU WILL LIKELY OWE MORE TAX THAN YOU THINK YOU DO. PLEASE CONTACT ME BEFORE JANUARY 10TH SO WE CAN DECIDE IF WE NEED TO ADD OR INCREASE A JANUARY ESTIMATED PAYMENT TO ENSURE THAT YOU AVOID PENALTIES

WE ACCEPT CREDIT & DEBIT CARDS

Check out the last 2 pages of this file. It contains a cool tax interview list, courtesy of the CA Society of Enrolled Agents (CSEA). It will help you remember what things to look for and which documents to find.

Secure document exchange: In this world of rampant identity theft, we remain on the cutting edge of protecting our clients' privacy and security. Many other firms just do not understand this. Sensitive documents we send to you are placed on a secure server. Military-grade 256K encryption is used for both upload and download, and documents are encrypted on the server with multiple layers of security. We recommend deleting the notification email after you have downloaded and/or printed the documents. When you send us a document, please use the link in our email signature for sending a secure file. This is really easy and only takes a minute. It is absolutely crazy to just attach something with your SSN in it to an email. It is akin to leaving the door to your house wide open. For more info, please see my write-up on secure document exchange: <http://philtax.com/documents-forms/>

I will not send this newsletter out by regular mail as a printed document. I am sending it only to my e-mail list. If you have a friend that you think may want to receive it, give them my e-mail address, and ask them to use a subject line "friend of (your name)" and request the year-end tips in the body of the e-mail. **I have changed the text color on a few very important items.** If you cannot find time to read all of this, please note these items.

Please remember that the folks who generally read the things I send them are more likely to save money on their taxes and also save on my fees. It seems like I often spend quite a bit of time with certain clients explaining things to them which I had previously sent out in written communications. One of the most time consuming items has to do with mortgage interest and the rules for what is and is not deductible. **For now, please note this instruction: if you owe more on your mortgage(s) now than you borrowed when you first bought your property (home or rental) – when you receive your statement in December after making your December payment, save it in your tax folder. Please provide to me for all loans. If your statement does not show the principal balance, call the bank and find out. In most cases, I will look at them for 1-2 minutes and decide there is nothing else to do. If there is something to do, it cuts down on the questions I have to ask you and the things you have to look for. Be sure to include statements for second mortgages and lines of credit. Mortgage interest deductions are now a primary audit target on individual audits for both IRS and FTB.**

Regarding e-mail: My email address is pf@philtax.com. Please save it to your contacts, as that way you will no longer be subject to my impulsive whims of switching ISPs. Please use only this address, if you want to be sure I receive your emails.

Please keep in mind that this newsletter contains generic advice geared to the average person, and if you have a complex tax return or tax situation for 2014, some of it may not apply to you. If you feel that you may warrant a special situation and wish to do some tax planning, be sure to call. You should keep your eye out for update emails from me and check the Philtax website.

If you think you are going to make more money next year, you may want to accelerate income and postpone deductions. If you think you made more this year, (or just want to lower your 2014 taxes as much as possible) you want to accelerate deductions now, get as many of them as you can, and postpone income. With this in mind, here are some ideas for reducing 2014 taxes:

General Tips

- Watch out for “Kiddie Tax.” If your child who is under age 19 or is a full-time student under 24 (as of 12/31/2014) has interest and dividend income exceeding \$1,000 they must file a return. If total investment income exceeds \$2,000, they must pay tax at your rates, which involves a complex form added to their return which cannot be completed until I do your return. Please note that the term “investment income” includes gross proceeds from securities sales, even if there was no gain or a loss. If some of you do the returns for your children yourselves, or your children do them themselves, you may have to coordinate their taxes with me. There may now be an additional layer of difficulty in your child’s return due to the Affordable Care Act (Obamacare).

Itemized Deduction Filers

This category includes just about all homeowners with a mortgage. If you are not sure, check your prior year’s return to see if it included a form called “Schedule A.”

- Pay the January mortgage payment in Dec. Mail it or create online payment well before the end of the year, or do it in person at a branch if the bank is local. It has to be posted on the lender’s books by 12/31 for you to get credit. If you did this last Dec., you have to do it again just to end up with 12 months worth of mortgage interest!
- Consolidate personal or credit card debt into equity debt which might be deductible. Interest paid on the first \$100,000 of home equity debt is deductible for regular tax purposes but not for the AMT computation. If you are subject to AMT, this may not be a good strategy.
- Pay the Feb. installment of Property Tax in December. Remember, it doesn’t matter what year the tax is for, but when you write the check. Reminder — the late date for the second calendar year 2014 payment which was originally due in September was Dec 10th. On your property tax statement, this is called 2014-2015 payment #1. *Important – see bold note at end of this section re AMT.*
- Please remember that due to the property tax fiscal year, you pay two different amounts during each year, based upon two different payment coupons. Many people seem to bring one coupon in and say they paid that amount twice. This leads to more wasted time. Know exactly what you paid and provide me the correct amount. I would very much like to see your property tax statements.

- If you're an estimated payer, pay your 4th Quarter CA estimated payment (normally due 1/15) in Dec. Pay only CA early, it doesn't do you any good to pay the Feds early. *Important – see bold note at end of this section re AMT.*
- If you are planning any charitable contributions, make them before year-end. The law on contributions has become quite strict. Under the new rules:
 - **You must have proof of any gift**, via a cancelled check, bank record, or letter from the charity. In order for me to have due diligence on this, you will have to check the question in my organizer related to it as a “yes.” You should have all documentation in your possession. I do not need to keep it or even see it if you assure that you have it, but if the donation is \$250 or greater, I want a copy of the document. **Undocumented donations > \$249 will not be claimed!**
 - Hot off the presses! This link will also be posted on the Philtax website on the links page, so if you cannot find this newsletter, try to remember that you can get it there. IRS has now created a page on their website which makes it easier to check if an organization is a recognized charity and if a deduction for contributing may be claimed: <http://www.irs.gov/Charities-&-Non-Profits/Exempt-Organizations-Select-Check>
 - **You may use a credit card to make a donation by 12/31, pay the bill next year, and receive credit for 2014. Make sure to print your confirmation showing it to be in 2014. If you want to play it smart, try to make all by the 26th or 27th, because it must post to your account by the 31st.**
 - Donations of used clothing and household items will not be allowed unless the items are in “good” condition. Donations of items of minimal value like socks and underwear will not be allowed. I suggest you make a spreadsheet listing the thrift store value and specifics of all items you donated. You can get an idea of thrift store value at the web sites of Goodwill or Salvation Army. Be sure to have a receipt for each donation. If you give anything away you consider to be worth over \$100, I suggest taking a picture (I do not need the picture). If I feel you do not have proper substantiation, I will not deduct the donation, or I will reduce it.
- Do not forget your volunteer charitable deductions. Any telephone costs, supplies you bought the organization, parking, tolls, and mileage to and from your volunteer activities.
- If you donate a vehicle to a charitable organization in 2014, be sure to contact me early in tax season. Make a note of the mileage, equipment, and condition. It cannot hurt to snap a photo of the vehicle. I suggest going to www.kbb.com and running a “private party” blue book, and printing it out. The less of the proper information you have available, the more billable time will be used. The amount of the allowable deduction will usually be the amount the charity sells the car for. They will usually provide you with a tax document, Form 1098-C. I will need this form.

Please note that if your tax return generally includes a Form 6251, Alternative Minimum Tax (AMT), some of the above recommendations may not suit your needs. Planning for AMT is extremely complex and requires interaction between yourself and me, and projections using software

Business Owners

Some crucial information about 1099s: Some people seem to be challenged when it comes to gathering the information and reporting 1099s to folks who have been paid \$600 or more for performing a service for your trade or business. This includes the landlord for your business premises. **Schedule C has a question on top of the form asking if you are claiming expenses for which you should have**

issued a 1099 and whether or not you did issue it. The wrong answer combination will get you an IRS correspondence audit at a minimum. IRS auditors are asking to see 1099s for substantiation of any expenses for outside services or subcontractors. They may not allow deductions without proof of 1099 filing. They are also going to get more aggressive with the assessment of penalties for those who file late. Franchise Tax Board is going one step further. They have informed us that in any audit of a business, they will ask for the 1099s to substantiate any payments made. If 1099s cannot be produced, even if you have your cancelled check and an invoice from the provider, the deduction will be disallowed. Reminder, I must have all your 1099 info no later than January 18th if I am to create 1099s for you. There will be NO extensions on this deadline this year. If we do not prepare your 1099s, and you have any expenses for independent contractors, I will want to see proof of you having filed 1099s or I will not take the deduction.

Both IRS and EDD (the CA Employment Development Dept.) have rolled out huge audit programs on employee classification. They are going after those who classify workers as independent contractors who may actually fall under the description of what constitutes employees. If you hire a lot of 1099 people, you could fall into this web. Allow some extra time to discuss this. If one of these audits should turn against you, ramifications will be expensive and unpleasant.

IRS has started to demand QuickBooks files from audited taxpayers. The practitioner community has fought against this, but the Internal Revenue Code gives them very loose definitions of “books and records,” and they are demanding QuickBooks files. You may want to plan out some “best practices” with me if you are a QB user. BTW, I will only be supporting QB 2014 and QB 2011 for Windows for the next couple years. My support for QB 2011 will cease in January 2016. I am using QB 2014, so if you like to follow along and use the same version as I do, I recommend upgrading. You can probably still purchase this (they are selling 2015 now), but not for long. Check Amazon.com.

Equipment, equipment, equipment! Buy anything you need before year end. You can use a credit card or loan to make the purchase, pay later, and take advantage of the write-off this year. Current Federal law allows first-year expensing (Section 179) of up to \$500,000 (CA remains at \$25,000). Be sure to buy it early enough to have the credit card company post it in 2014. The figure for 2015 is scheduled to drop to **\$25,000!** We expect Congress to change this, but do not anticipate them actually giving us a figure until next December. Nothing I can do about the way they operate.

- Bonus depreciation – items purchased on or before 12/31/2014 still qualify for 50% bonus depreciation (probably will be **not be** extended to 2015). This is separate from Section 179, and can be used on purchases in excess of the §179 spending limit, which will probably not affect any of us. In some cases, it may be strategically better for me to choose bonus depreciation. Bonus depreciation applies to new (not used) property, §179 has no distinction. CA does not conform.
- If you are considering a new business vehicle, which will be used greater than 50% for business, special breaks have been extended to 12/31/2014. **Please note that these breaks are only for new, not used, vehicles.** The breaks are even larger if you purchase a vehicle with a “gross vehicle rating” in excess of 6,000 lbs. (most large trucks and SUVs – the GVR is usually listed on the door jamb). I personally am not a fan of these types of vehicles and do not encourage you to purchase one unless you really need it. Never let a tax decision interfere with a lifestyle decision. Please call me to discuss your options if you are thinking of this, because there are many elements to it.
- If you have done some work you have not billed for yet, postpone invoicing until next year.

- *Warning to cash basis taxpayers:* If you receive a check this year for work you have performed, and think you can hold it and not deposit it until 2015, forget it. You have constructively received the income in 2014. It also may be included on a Form 1099 which you receive for 2014.
- *Another cash basis warning:* If you invoice someone in 2014, and they do not pay you until 2015 (when you receive the check is what counts), do not count this as income in 2014, even though you have made an invoice in 2014. If they write you a check dated in 2014, they are going to 1099 you for 2014 in Jan. 2015, even if you did not receive the money in 2014. Many people write a lot of checks on Dec 30th and 31st. **This is something we would need to discuss in further detail, as it could cause a discrepancy between income claimed and 1099s reported.** Again, this advice is for cash basis taxpayers. If you are on accrual, it works differently. Also be on the lookout for a 1099-K if you accept credit cards. This could create multiple issues which have to be discussed. You must provide me with this form. You may have multiple versions from different companies who have processed credit cards on your behalf.

Make sure you contribute to your retirement accounts. If you have not started a retirement plan yet, you should consider taking advantage of this, both for tax and real-life purposes. Profit Sharing or Money Purchase plans must be established by 12/31, with contributions by the due date of your return, including extensions. IRA contributions (including Roth IRAs), by 4/15/15, SEPs by the due date of your return, including extensions. SIMPLE plans (for small employers) must be established by Oct. 1st of the year the plan is to be adopted, so if you are thinking of doing one, it will not be able to start before 2015. This is a complicated area, so be sure to call if you have any questions. Very important note to sole proprietors with SIMPLE plans: Your “elective deferral” for year 2014, maximum \$12,000 or \$14,500 with over 50 catch-up, must be contributed by January 30, 2015. Please note that you must have a profit in your business of at least the amount you are deferring. You will then have till the return due date plus extensions to contribute the employee matching amounts for both yourself and your employees. IRS has become aware that some people were not making their elective deferrals in time and is routinely checking this in audits.

Employees

- Getting a large bonus or commission? See if your employer can hold off on paying you until next year.
- If a 401(k) or 403(b) plan is available, make sure to participate. Try to maximize your contribution as much as possible, especially if your employer matches. You have to realize what a great situation employer matching is. It is like getting free money!
- If you changed jobs during the year, be careful of possibly over-contributing to the 401(k). Get your final pay stub from the previous job or jobs, and see the HR folks at your new job, or else call me for a consultation.
- There is also now a plan called a Roth 401(k), which will be **optional** for employers to offer. Be sure to hold on to all the documents they send you, as each custodian and employer will have different requirements.

Stock Market

- You are allowed to write off capital losses beyond your gains up to \$3,000. Examine your trading, and if you have any gains, sell off enough losers to offset those gains and exceed them by at least \$3,000. Any amount above the \$3,000 is carried forward for use in future years.

- You can also use losses from the stock market to offset gains from other capital investments, like real estate or collectibles, so if you have sold a building or collectible for a gain, you can sell some stocks at a loss to help offset that gain.
- Be careful of purchasing mutual funds in a taxable account before the end of the year. Many mutual funds give distributions in December, and you may end up with a taxable capital gain distribution on a fund just purchased which you didn't really make a gain on. If you are thinking of purchasing a mutual fund in a taxable account, check the fund company to see the timing of distributions. Try to buy after the distribution date.
- Watch out for wash sales. Wait at least 31 days to reacquire an identical security which is sold at a loss before 12/31.
- CA tax-free bonds and bond funds: Be aware that although the interest received on these bonds is fed and state tax-free, they are a capital asset just like any other security. Therefore, when sold, redeemed, or called, there will be a taxable transaction, which could be either gain or loss. We will need the cost basis and acquisition date, just as with any security.

Mileage Tracking

I decided I wanted a more accurate way to track my mileage in my own life. I did a lot of research on Smartphone apps and found one which looked pretty cool, so I started a trial of it. I decide I really liked it, so I decided to sign up for an unlimited account. The free account only allows 40 trips a month and it tracks everything in the background, so that gets exceeded easily unless I want to manually make it stop and start tracking, which would be a hassle.

Strangely, On the day I had decided to move to an unlimited account, I happened to open an email from NAEA (National Association of Enrolled Agents), and in a sidebar, they informed us that they had also found this app interesting and in fact cut a deal with them for members and our clients! You can get a 25% discount on unlimited subscriptions. You can also track your charity and medical miles on it, there is a lot of customization. I am not compensated for this in any way, just spreading the word. It is currently only available for iOS, but you can sign up on the Android list for notification. They hope to release an Android version in January. Here is the info from MileIQ:

MileIQ is an automatic mileage tracker that takes the hassle out of keeping a mileage log. I think you'll find it helpful for logging your business drives!

[The MileIQ app](#) runs in the background on your phone and logs every drive automatically. You swipe each drive to classify it as business or personal, and MileIQ calculates the value of your deductible mileage. You can add details like parking, tolls, purpose, and vehicle and have [an IRS-compliant mileage log practically effortlessly!](#) Your log gets synced to the cloud, so you can get to it any time, even years down the road. You'll be able to claim the full value of your mileage deduction with total peace of mind!

MileIQ is offering my clients a 25% discount on unlimited-drive subscriptions. (Regular price: \$5.99/mo. or \$59.99/yr.).

You can try MileIQ by [downloading the free iPhone app](#). (Best when downloaded directly to your phone.) To get unlimited drives at a 25% discount, sign in to your MileIQ web dashboard, click "Get Unlimited Drives" and use promo code **NAEA25** at checkout. (More details [here](#).)

(If you're an Android user, you can sign up for the Android notification list on the MileIQ website. Once that app is available, follow the instructions above for your 25% discount.)

I hope you'll give MileIQ a try and let me know what you think. (Remember, the subscription is deductible too — at .56/mile (57.5 cents in 2015), it'll pay for itself in a couple of drives!).

Use Tax

If the BOE made you register as a Use Tax “Registered Purchaser” (businesses, including sole proprietors), you are required to continue filing a Use Tax return each year. The 2014 return will be due **4/15/2015**. You must file even if you had zero purchases subject to Use Tax. If you received a letter in mid or late 2014 and disregarded it, please call me. This return can only be filed online with the special account code you were given. There are exceptions, but I will not cover them here.

For the rest of you (individuals), the following applies: A trend in recent years is that both IRS and the state of California have decided to put the onus on the tax practitioner community to become agents of additional compliance by continually creating laws that force us into trying to make the public comply with things which they are required to do, even if outside the scope of standard taxation. The CA State Board of Equalization, which is a very aggressive and powerful agency, is responsible for collecting sales tax and use tax. We all know sales tax, but we do not all know use tax. A simple explanation is, that when you buy something on the internet which is shipped from another state, you may not be charged CA sales tax. In a nutshell, use tax is sales tax you must pay on stuff from out-of-state that has not been paid yet. A few years ago, CA got the idea of adding an “election,” which is something you may choose to do, to the CA tax return. Making this election allows you to pay the use tax you owe with your tax return, up to the due date, including extensions. If you do not pay it in this manner, you can pay it by filing an annual use tax return with the Board of Equalization, which is a fairly simple form. If you already are in a business which requires a resale number, you may incorporate the use tax into your existing sales tax returns. Of course, to do either of these things, you would have to know what you bought and how much it all cost. Suffice it to say, now the Franchise Tax Board is starting to tell us (practitioners) how disappointed they are in our inability to make the people pay their use tax with their tax return. You may have noticed that I ask a couple questions about this in my organizer. If you elect to have me include this on your return, I will need the exact information required. If you can come up with it, it may only take a few minutes. In general, I would need to know the total amount of goods you purchased which are subject to use tax, whether any sales tax or use tax was paid to the other state, and the tax rate for your county. If you would prefer to take responsibility for this on your own, then you would save a little money with me. The due date for filing Use Tax return yourself is January 31, 2015. You may now file the return electronically. Here is a link to the BOE Use Tax page: <http://www.boe.ca.gov/taxprograms/usetax/index.html>. If you are unfortunate enough to find yourself on the BOE's bad side, you will not be a happy camper.

You also have an option, via one of the organizer questions, to include an automatic calculation of use tax into your return. If you bought under \$1,000 of out-of-state goods, you may use this. It is based upon your income. If your CA AGI is under \$100,000, you will not pay more than around \$65. There will be more Use Tax info in the January package.

Last Things...

I dislike being heavy-handed on all this, but there are a small number of folks, who for one reason or another, continually waste valuable time. This puts us under pressure and causes us to lose efficiency, which ultimately impacts everyone. All wasted time due to inability of clients to follow instructions will be billed. Take ownership of your tax issues and be more involved. Remember, time is the one constant. The length of a minute is the same for you and I as it is for Warren Buffett or President Obama.

A short list (good for all) to get you started:

- ALL** official tax documents. If I have to ask for 1098s, 1099-INT etc., you waste more time. I do not care if you filled in the organizer, I want the docs.
- If I give you “homework,” or list items you need to provide, give them to me within 72 hours and do not provide them piecemeal.
- If we are having a phone meeting or in-person meeting, have your questions organized.
- Note your mileage as of 12/31 if you use the car for business. Also figure out your business miles. If you find writing down your odometer too challenging, please get an oil change or a service of some kind in the first 10 days of January each year, and bring me the repair receipt. We still need to know your total miles driven, even if you are using MileIQ or another tracking app, so please log the odometer reading.
- Loan statements from mid-December for your mortgages.
- You must return your organizer, even if you did not fill out the tax data.**
- You must sign the engagement letter and fill out the Y/N questions, even if not filling in the remainder of the organizer. I will not start your return without it.**
 - **Warning – the fee for not complying with the two bullets above is \$40 and there will be ZERO exceptions to incurring the fee if you did not bring the documents.**
- If you bought or sold any real estate, please provide the final escrow statement by Feb. 15th.
- If you refinanced any real estate, please provide the final escrow statement by Feb. 15th.
- If you text, check email, or talk on your phone during a meeting with me, you will be billed double time while you are doing it. This will only be excused for family emergencies, which do not include things about what time dinner is or going to the store.
- If we write off your health insurance, know exactly how much you paid in 2014.
- If you pay property tax, bring the statements and be sure to bring the amount of both payments made, which should be different.

Please see variations on figures of certain items between 2014 and 2015 on the following page.

NUMBERS TO KNOW

ITEM	2014	2015
Standard mileage rate	56 cents/mile	57.5 cents/mile
Medical or moving miles	23.5 cents/mile	23 cents/mile
Miles driven for charities	14 cents/mile	14 cents/mile
IRA/Roth IRA contribution	\$5,500	\$5,500
Age 50+ “catch-up” allowance	\$1,000	\$1,000
Social Security Tax Base maximum	\$117,000	\$118,500
Social Security COLA Increase	1.5%	1.7%
Basic Medicare Part B Premium	\$104.90	\$104.90
401(k), 403(b) & 457 deferrals	\$17,500	\$18,000
“Catch-up” for 401, 403, & 457	\$5,500	\$6,000
Defined contribution plan limits (includes SEP-IRA)	\$52,000	\$53,000
Compensation limits to determine above item	\$260,000	\$265,000
Compensation triggering SEP contribution requirement for employees	\$550	\$600
SIMPLE IRA Deferrals	\$12,000	\$12,500
SIMPLE IRA “catch-up” age 50+	\$2,500	\$3,000
CA Disability Insurance (SDI) – Maximum wage base	\$101,636	\$104,378
CA Disability Maximum contribution amount	\$1,016.36 (Threshold higher)	\$939.40 (% is dropping)
Maximum gift allowed to be given by one person to any one person without a reporting requirement	\$14,000	\$14,000

We hope you and your loved ones are having a wonderful holiday season.

A snail-mail newsletter was mailed a couple weeks ago.

If you have moved and I do not know it, please provide me with your new address ASAP.

There are still attractive discounts for referrals. Please do not quote any fees to someone you may be referring, as rates for incoming clients may be different! Please look for the Fee Schedule which will be in your organizer package for more information on referrals.

Please try and remember to make any checks you are sending me out to “Philtax Inc”, “Philtax”, or “Philip Fiegler, EA”. Please try not to make them out to “Phil Fiegler” or “Philip Fiegler.”
Thanks.

Tax Checklist

This form is to assist you in gathering your income tax information. Use it as a guide for information you need to provide. Please call or email with any questions.

GENERAL INFORMATION:

- First, middle initial, and last names of taxpayers and dependents as written on the Social Security cards, and dates of birth for taxpayers and all dependents, **especially** new dependents.
- Address (city, state, and zip), telephone number, and e-mail address.
- Marital Status: Single ___ Married ___ Head of Household ___ Separated ___
- Number of Dependents: ___ Did any dependents have any income? Yes ___ No ___
- Did all dependents live with you for 6 months or more? Yes ___ No ___

TYPES OF INCOME & TAX REPORTING FORMS:

- Wages: All W-2s
- Pensions/Retirements: 1099-R
- Social Security: SSA-1099
- Bank Interest: 1099-INT
- Dividends: 1099-DIV
- Commissions: 1099-MISC
- Tips and Gratuities
- Sales of Stock, Mutual Funds: 1099-B
- Income from Rentals: All 1099-MISC
- Business Income: All 1099-MISC & 1099-K
- Farm Income
- Alimony Received: Total amount
- Unemployment: 1099-G
- State Tax Refund: 1099-G
- Miscellaneous: Jury Duty, Gambling, Other
- K-1 forms from Partnership, S-Corporation, or Trust

BUSINESS INCOME & EXPENSE ITEMS: If you don't see an expense listed below, please ask.

- Total (Gross) Income
- Advertising
- Asset Purchases
- Auto: Parking &Tolls
- Bank/Credit Card Fees
- Business Phone Expense
- Business Vehicle:
 - ___Auto
 - ___Date Placed in Service
 - ___Business Miles
 - ___Total Miles
- Cell Phone Expense
- Cleaning/Maintenance
- Commissions Paid
- Contractors/Subcontractors
- Dues & Publications
- Education Expense
- Equipment/Supplies
- General Office Expense
- Hotel/Travel Expense
- Insurance
- Interest Paid
- Legal or Professional Fees
- License Fees/Taxes Paid
- Meals/Entertainment
- Postage
- Rent/Lease Fees Paid
- Repairs
- Tools
- Utilities

ADDITIONAL ITEMS FOR RENTAL PROPERTIES:

- | | | |
|---|---|--|
| <input type="checkbox"/> Days Rented _____ | <input type="checkbox"/> Room Rentals (in home) | <input type="checkbox"/> Vacation Rental |
| <input type="checkbox"/> Condo/PUD Association Fees | <input type="checkbox"/> Mileage/Travel | <input type="checkbox"/> Keys/Other |
| <input type="checkbox"/> Gardening/Yard Work | <input type="checkbox"/> Mortgage Interest | <input type="checkbox"/> Property Tax |
| <input type="checkbox"/> Management Fees | <input type="checkbox"/> Termite Treatment | <input type="checkbox"/> Utilities |

DEDUCTIONS/CREDITS TO INCOME:

- | | |
|--|--|
| <input type="checkbox"/> Adoption Expense | <input type="checkbox"/> Medical Savings Account (5498-SA/1099-SA) |
| <input type="checkbox"/> Alimony Paid* | <input type="checkbox"/> Moving Expenses |
| <input type="checkbox"/> Child Care Credits | <input type="checkbox"/> Penalty on Early Savings Withdrawal |
| _____ Provider Name _____ EIN _____ Amount Paid | <input type="checkbox"/> Retirement Saver's Credit |
| <input type="checkbox"/> Education Credits ** | <input type="checkbox"/> Self-employed Health Insurance |
| <input type="checkbox"/> IRAs/Keogh/SEPs (Form 5498) | <input type="checkbox"/> Teacher Expenses |

* Total Alimony Paid: Must have name and Social Security number of recipient, and amount paid.

** American Opportunity/Lifetime Learning/Student Loan Interest/Education Expenses

ESTIMATED TAXES PAID:

Date of payment and amount paid for **each** Federal and State quarterly tax estimate.

ITEMIZED DEDUCTIONS:

MEDICAL

- | | |
|---|---|
| <input type="checkbox"/> Medical & Dental Bills | <input type="checkbox"/> Lab Fees |
| <input type="checkbox"/> Prescriptions | <input type="checkbox"/> Medical Miles |
| <input type="checkbox"/> Glasses/Contact Lenses or Hearing Aids | <input type="checkbox"/> Out-of-pocket Expenses |
| <input type="checkbox"/> Medical Insurance Premiums _____ Medical _____ Dental _____ Long-term Care | |

TAXES & INTEREST

(this will be on previous year's return)

- | | |
|--|--|
| <input type="checkbox"/> City/Local Tax | <input type="checkbox"/> Mortgage Interest |
| <input type="checkbox"/> Sales Tax | <input type="checkbox"/> Mortgage Insurance Premiums |
| <input type="checkbox"/> Real Estate Tax | <input type="checkbox"/> Investment Interest |
| <input type="checkbox"/> Personal Property Tax (Vehicle License Fee) | |

CHARITABLE CONTRIBUTIONS

- | | |
|--|---|
| <input type="checkbox"/> Cash Contributions * | <input type="checkbox"/> Out-of-pocket Volunteer Expenses |
| <input type="checkbox"/> Non-Cash Contributions ** | <input type="checkbox"/> Charitable Miles |
| <input type="checkbox"/> IRA RMD Charitable Distribution | <input type="checkbox"/> Other |

* Documentation required.

** Donation dates, list of items donated with Fair Market Value for **each** non-cash donation to a Charitable Organizations are needed.

ADDITIONAL TAX DOCUMENTS:

- | | |
|--|---|
| <input type="checkbox"/> Completed Organizer | <input type="checkbox"/> Signed Engagement Letter |
| <input type="checkbox"/> Year-End Broker Statements | <input type="checkbox"/> Notices Received from IRS or FTB |
| <input type="checkbox"/> HUD Statement (for each home purchase or refinance) | |