Taxing Solutions

GEORGE H. HERRO
CERTIFIED PUBLIC ACCOUNTANT, S.C.
Business and Tax Advisors

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a periodic newsletter for the clients and friends of George H. Herro, CPA, S.C.

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Tax Season Office Hours

GERMANTOWN Office:
Monday-Friday
8:30 a.m. - 5:30 p.m.
(beginning 1/23/17)

Saturdays
9:00 a.m. - Noon
(beginning 2/4/17)

MEQUON Office:
By appointment only

Important Dates to Remember

March 15, 2017
▪ Calendar year 2016 S Corporation & Partnership returns due

April 1, 2017
▪ Extensions to be filed

April 10, 2017
▪ Last day to Efile

April 18, 2017
▪ 2016 Individual returns due
▪ 1Q17 Individual federal and state estimated tax payments due
▪ Calendar year 2016 C Corporation returns due

April 14-17, 2017
Office closed

FROM GEORGE'S DESK

Another year has come and gone. Much has happened in 2016; a change in our political landscape, the stock market is close to an all-time high, unemployment rates are interestingly low, and housing sales brisk, among other things. We continue to see employers struggle with finding good workers. Is the economy improving or is it status quo? Time will tell.

As for us, we saw an increase in new clients again this year. More people are finding us online through our website, but most still come to us from our clients' kind referrals. Thank you for your confidence in us.

As we look forward to 2017, we are excited about the future and what is could hold for us. We need to continue to work hard, enjoy our families and pray for good health. As for me, April, 2017 will mark my 33rd year in business. I am blessed to have such a wonderful team.

From all us here at George H. Herro, CPA, we wish you and your families much happiness and good health in the New Year!

George

2016 TAX SEASON

Another tax season is upon us, and what follows are some important things to think about and remember:

General Information:

- The IRS has announced there will be a delay in the processing of refunds for those who claim **refundable credits** for **earned income, child tax, or educational credits.** We will now be required to file form 8867 on your behalf and spend more time making sure all is in order to capture these credits.
- **Rules** for the **Affordable Care Act** now requires us to obtain **proof** of health insurance coverage you have, to identify if you purchased coverage through the federal marketplace, and if you received a federal subsidy that reduced your premium. Please bring in a copy of your insurance card for our records, along with federal form 1095 that you get from your employer or the marketplace.
- **Goodwill** receipts. Please make sure you fill out their slip to denote what you donated and the value. We are not able to accept blank receipts.

continued on the next page

TAX SEASON *(continued)*

Extensions:

- Please remember we will automatically file an extension for you if you bring in your tax data after March 31st.
- Are you **traveling somewhere** this winter? Please let us know as we might not be able to complete your return by the due date if you are missing information. We will be happy to file an extension for you if this happens.

Children:

- The **cost to send your child to summer day camp qualifies for Dependent Care Credit**. This includes the cost for sports, computer, math or theater and other camps. Also it counts for camps to help with reading or study skills. The costs of summer school and tutoring programs are not eligible for this credit; they would be treated as education, not care. The child must be under 13 and expenses paid must be incurred so the parents can work.
- For those who wish to claim an **Educational Credit,** make sure to bring in the 1098T from the educational institution AND other documentation to support what you paid. In most cases what you paid and the 1098T is different.

Office Information:

- **Organizers** will be emailed or mailed out to clients that filled them out last year. Watch for them as we will be sending them around January 13, 2017.
- Please consider using our **secured portal** located inside our website to send data to us.
- Our colleague **Karl Ayer, CPA** will again be helping us during the tax season. He is a seasoned CPA whom we have known for many years.
- **Karen Malliett** will be part of our team again this year. She is the friendly face when you stop in.
- Tax season is always a **busy time** for us. When you call and get our voicemail, please leave a message. We will get back to you as fast as possible.
- Our **Mequon office** is located inside the Partnership Bank on Port Washington Road. We will be meeting clients there by appointment only.
- **Do you know someone who needs help?** We appreciate your recommendation and confidence in us.

ITEMS TO THINK ABOUT IN 2017

- ☑ The maximum Social Security wage base will be $ 127,200.
- ☑ The mileage rate for business use of a vehicle will be .535 cents per business mile driven.
- ☑ The amount you can contribute to a HSA this year is $3,400 for Self-only coverage and $6,750 for Family coverage. For those over 55, the catch-up is still $1,000.
- ☑ Will you turn 70½ in 2017? Are you already this age? If so, you are required to make a **Required Minimum Distribution** (RMD) from either your IRA, 401(k) or similar retirement plans. This amount is usually calculated by the institution that holds these funds. If you have multiple accounts, you need to take into consideration the values in ALL accounts to determine your RMD in aggregate. Check with your advisor to find out what your RMD will be and then let us know so we can help you determine the tax impact.

ITEMS TO THINK ABOUT IN 2017 (*continued*)

- ☑ Another thought for your **RMD** is to send it straight to your favorite charity. This is a great tax free planning idea and everyone wins.
- ☑ If you plan on gifting money to a charity or child, consider giving appreciated stock. You will not be responsible to report any **Unrealized Gain** on the stock donated or gifted.
- ☑ The newly enacted **21st Century Cures Act** has changed the way businesses can navigate with a Health Reimbursement Arrangement (HRA) beginning January 1, 2017. Check with your insurance agent to make sure your plan qualifies.
- ☑ The IRS and state continue to examine businesses when you use the help of a **subcontractor**. Both would love to reclassify these subs as an employee and capture payroll taxes. Ask us for more clarification.
- ☑ **Identity theft** continues to create many problems for everyone. Contact the Treasury Inspector General at 1-800-366-4484 to report any calls or emails you may receive. The state and IRS will NEVER initiate contact with you via phone or email. For those who operate a business, contact your insurance agent to investigate if you need **Cyber Liability with Data Breach** coverage added to your business owner's policy.
- ☑ **Certain life events** can also affect your tax situation. If you have gotten married or divorced, had a birth or death in the family, lost or changed jobs, retired during the year, then we should discuss the tax impact of these events.

FIRM NEWS

This March, I will be headed to Central America, traveling with my family to explore the country of Guatemala. We are excited to return as we have not been back to this country since we adopted our children. I will be back in the office on April 3rd.

This past year, the Germantown Chamber of Commerce named me **Citizen of the Year**. I am truly grateful, humbled, and honored to be given such an award. I am blessed in so many ways; my family, business and staff, clients, friends and community. Thanks to all of you!

Over the years, we have helped many people in various areas of taxation. For your information, we have stopped providing tax preparation service to individuals in the year of a **divorce**.

Did you know we are prohibited to **talk with the IRS,** the state, or anyone else about your tax return or other personal information, without a signed consent form or power of attorney? We would be happy to discuss the dynamics of the communication and the forms necessary for us to speak to them on your behalf.

Do you have a question, concern or comment?

Let us know.

We enjoy serving you!

FIRM NEWS (*continued*)

Security and data breach is on everyone's mine. We constantly review our existing security plan and make necessary changes to keep it up to date. Here are a few things we are doing in the office to help protect your data:

- We follow new required software login and password procedures.
- We constantly check with the IRS and state to make sure we have access to up-to-date protocol when someone's identity is stolen.
- We make sure our website portal remains secure for you to send data to us.
- We regularly back-up your data, update our computers' operating systems, anti-virus, and malware software.
- Our staff regularly reviews our protocol for safe guarding data within the office and when accessing the internet through our network.
- We attend continued education classes that relate to information technology.
- We also discuss this topic with our peers.

New rules and regulations are implemented each year for tax preparers. One area we are very in tune with surrounds **IRS Circular 230** (ethics). This is our set of guidelines we must operate within to protect you and ourselves. We have seen an increase in the request to send copies of tax returns to a third party such as bankers, mortgage lenders or attorneys. Because of these strict rules, we will no longer send copies of returns directly to third parties. We will still be able to send you a copy, for an additional charge, so you can then forward to a third party.

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Our Mission

To provide services that help clients conserve capital and minimize taxes.