

George H. Herro, CPA, S.C.
P.O. Box 430
Germantown, WI 53022

Mequon Office
11740 N. Port Washington Rd.
Mequon, WI 53092

p 262 255-2161
f 262 255-9930

www.herrocpa.com
george@herrocpa.com
victor@herrocpa.com
jenny@herrocpa.com

Tax Season Office Hours

Germantown Office:
Monday-Friday
8:30 a.m. - 5:30 p.m.
(beginning 1/18/16)

Saturday
9:00 a.m.—Noon
(beginning 2/6/16)

Mequon Office:
By appointment only

Important Dates to Remember

December 31, 2015
Physical inventory should be
taken for businesses

January 15, 2016
4Q15 Individual federal & state
estimated tax payment due

January 31, 2016
4Q15 Payroll reports due
including W2's & 1099's

March 15, 2016
2015 C & S Corporate calendar year
income tax returns due

April 8, 2016
Last day to Efile

April 14-18, 2016
Offices closed

April 18, 2016
Individual income tax returns due

1Q16 Individual federal & state
estimated tax payments due

FROM GEORGE'S DESK

Happy Holidays everyone! We have a lot to be thankful for this year; great weather, lower gas prices, good health (we hope for all of you), steady employment (again, we hope for all of you), good families, and especially great people to be around.

We have worked with some of you during the year; meeting and planning for the year and are glad to help. We hope and pray that a positive momentum continues into 2016.

As the new year is upon us, full of hope, let us remember those in need. Sometimes just a smile goes a long way. Happy New Year to you and yours!



UPCOMING TAX SEASON

Another tax season is upon us. Here are some important things to remember:

1. **Organizers** will be mailed out to clients who filled them out last year. Watch for them as we will be mailing them the week of January 14, 2016. Please let us know if you would like one.
2. **Identity Theft** is a BIG concern for everyone. Get your data to us sooner so we can file it before the bad guys file it for you. Change passwords frequently and create strong ones. Keep your computer's software updated and run an updated antivirus & antimalware application at all times. Don't give out your Social Security, credit card number and other sensitive information over the internet.
3. **Proof of Health Insurance Coverage is now required for us to check.** Please bring with you a copy of your insurance card for our records.
4. **Affordable Care Act (Obamacare)** rules do impact clients when they purchase their health insurance through the federal marketplace and if they get a federal subsidy that reduces their premium. Let us know if this is the case when you bring in your 2015 tax data.
5. Congress has recently passed **Tax Extender** legislation which will retroactively extend many tax breaks beginning 1/1/15. Here is a short list of some of these tax breaks:
 - \$250 deduction for educator expenses
 - The deduction from income for qualified tuition and related expenses
 - The tax-free distribution from IRAs to charities
 - The increased dollar limitations for section 179 expensing of \$500,000
 - Credit for nonbusiness energy propertyThese 'Extenders' may impact some of you. Not to worry, we will make sure we capture them for you.
6. For those who wish to claim an **Educational Tax Credit**, make sure to bring in the 1098T from the educational institution and other documentation of related expenses. This 1098T is now required for us to check for matching purposes.
7. To claim **Student Loan Interest**, please remember it is only deductible to the borrower who makes the payments.

8. 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, as well as 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 in order to allow the parents to be able to work.
9. **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, we should discuss their tax impact.
10. **Extensions**. Please remember we will automatically file an extension for you if you bring in your tax data after March 31, 2016.
11. Do you **know someone who needs help with their taxes?** We are always looking for new clients and the best referrals come from you. We appreciate your recommendation and confidence in us.

NEW IN 2016

- 2016 rate for business miles is reduced to 54 cents per mile.
- The maximum Social Security wage base will be \$118,500.
- The amount you can contribute to a HSA this year is \$3,350 for Single and \$6,750 for a Married taxpayer. The catch-up of \$1,000 is still in effect for those over 55.
- New Social Security rules were passed in 2015 that will impact some people in years to come. Two strategies that have given some couples the potential for higher lifetime benefits will no longer be available; File and Suspend and Restricted Application. These rules do not take effect immediately and should be discussed.
- The Labor Department has come out tougher interpretation of the classification rules for workers under the Fair Labor Standards Act. Their new guidance states that contractors can be treated as employees if their work is integral to the firm's business, even if done off-premise. Workers who supply their own tools won't necessarily be classified as contractors. A permanent or indefinite working relationship suggests workers are employees and those who perform work for more than one firm are not necessarily contractors. Do not be surprised if the IRS adopts some or all of these points.
- Identity theft continues to create many problems for everyone. Contact the Treasury Inspector General at 800-366-4484 to report any calls or emails you receive as 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. Do not click on links or download attachments from unknown or suspicious emails. Review your credit report, Social Security income statement annually. Look at credit card and bank statements for small changes that appear suspicious.

FIRM NEWS

- We will have two new faces at the Germantown office this year. Karen Malliett will be our new meet and greet person, and Karl Ayer will also be helping us this year. Karl is a CPA and long time colleague of ours. We hope you have a chance to interact with them.
- 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. We appreciate your understanding.
- Who is **Strategic Alliance, CPA?** You may have noticed this name on the bottom of your tax returns. Two years ago, we formed a group of associates to purchase tax software together and this is the name of that group.
- **Mequon Office:** Where does the time go? We have been in this office for over a year and have had an increase in the number of clients being seen there. If this office is more convenient for you, please contact us for an appointment.
- Have a question, concern or comment? Let us know. We enjoy serving you.