Happy Holidays
2016

With tax season upon us, we are sending you information that we hope will help you prepare for a smooth tax preparation experience. We are including a taxpayer information checklist for you to complete. The checklist is also available on our website at www.thetaxteamllc.com. To meet IRS guidelines, we are **required** to have one for every return we prepare. If you do not provide it with your tax information, you will need to complete it before we can finish your return. Please read our updates to determine what impacts you. Most especially are those who have the Earned Income Credit, Child Tax Credit, and/or American Opportunity Tax Credit. Those clients should start early in gathering required documentation. IRS is getting tough.

Blank organizers, as well as a variety of expense worksheets for Schedule C Business and Schedule E Rental expense recaps, noncash charitable contributions, and home improvement logs (for basis) are available on our website. Individualized tax organizers showing last year's information are available upon request. Email your preparer or call us at 503-777-1040 to request the personalized version.

IRS Tax Return Processing Delay for SOME Returns
Returns that include the Earned Income Credit or Additional Child Tax Credit will be delayed for processing until February 15th, 2017 and the refunds are expected to go out around February 27th, 2017.

Expanded Due Diligence Requirements for Tax Credits
The IRS has expanded the questions and is requiring **us** to have documentation in order to process any tax returns that include the Earned Income Credit, Child Tax Credit, or the American Opportunity Tax Credit. **Documentation that the IRS feels is adequate to support the credits include 2016: School Records, Landlord Statement, Medical Records, Healthcare Provider Statement, Childcare Provider Records, Social Services Record or Statement, or Place of Worship Statement.**

Education Credit 1098T Forms Requirement
For 2016, **ALL** education tax credits must be supported with a 1098T. We cannot prepare your tax return without a copy of the form. In addition, if box 1 of the 1098T is blank, we will need the financial activity on the account (including dates) to determine how much tuition and fees were actually paid during 2016. Remember to include receipts for required books and supplies which may be allowed in calculating some of the credits. Schools are notorious for being late or lax in supplying this information. Many colleges only have the forms online for the student to download.

Tax Filing Due Dates
The tax filing due date, without extension, is Tuesday, April 18th. Due date with extension will be October 16th.

Tax Preparation
Taxes continue to be more complex and take longer to complete. Therefore, fewer returns will be able to be completed during your appointment. We encourage you to scan and email, fax, drop off or mail your information to us. We now provide a secure portal for transferring information and tax documents. You can go to www.thetaxteamllc.securefilepro.com and upload the files as a guest at any time or contact your preparer to set up your own portal account.

We still offer a 10% discount to clients who would like to drop off, fax, scan and upload or mail in their info by **3/1/17**. If mailing please retain copies. You can drop your information (in an envelope) in our locking mail box located in the front of the building. For these returns we will discuss the return over the telephone or by email, so please include any contact numbers and email addresses where you can be reached, along with your **REQUIRED COMPLETED INTERVIEW CHECKLIST**. If you are planning on this option but are waiting on only a few items, please go ahead and give us what you have early. Just give us a list of what is missing and send us those documents when you receive them.

Don't delay your return preparation just because you think you owe the IRS or Oregon. The earlier we receive your information the sooner we can finish your return and the more time you have to prepare for payment. **As the filing deadline approaches, our workload increases dramatically so we try to finish returns on a first-come first-serve basis**.

Affordable Care Act

If you and/or your dependents were covered by health insurance of any kind, you should receive a Form 1095 (A, B, or C). If you purchased your insurance via the Marketplace/Exchange we must have form 1095-A in order to complete your taxes, as required by the IRS.

If you did not have insurance for more than 2 months in 2016, you may be subject to the Shared Responsibility Payment, which increased this year. However, you may qualify for an exception to the payment. A few special exceptions must be certified through the Exchange, where you will be issued an ñExemption Certificateò. The Certificate number MUST be entered on your tax return to keep from paying the payment. **This may take some time, so start early**. This can be done at:www.healthcare.gov/exemptions.

The IRS has developed an interactive tool to help taxpayers determine whether they are required or exempt from making a ñShared Responsibility Payment.ò This can be found at: www.irs.gov/Affordable-Care-Act/Individuals-and-Families/ACA-Individual-Shared-Responsibility-Provision-Calculating-the-Payment.

Charity

The IRS and Oregon are stepping up their auditing of charitable giving. All charitable contributions must have proper documentation. Both the Salvation Army and Goodwill have good valuation lists online to assist in pricing your donations. Valuation information is available on our website. The link below outlines the IRSô charitable giving rules: http://www.irs.gov/uac/Eight-Tips-for-Deducting-Charitable-Contributions

Mortgage Interest

We must have a Form 1098 from you for any mortgage interest you will be deducting. Additionally, we need the Final Closing Disclosure Document from Title if you purchase, sell, or refinance your home. If you refinance and take money out, we will need to have general information on the use of the money to see if it is all deductible.

Extensions

Per the IRS, we are not allowed to file an extension without your authorization. Taxpayers are allowed to extend their individual tax filing due date to 10/16/17 by filing form 4868 on or before 4/18/17. You can call or email us to file for you or you can go online at www.irs.gov. **Filing an extension does not extend your time to pay.** If you think you will owe, you need to mail payment **with** your Federal and/or Oregon extension form or you can file and pay online. IRS website is www.irs.gov and Oregonôs website is www.oregon.gov/dor. Those with business or rental activities may also need to file an extension with City of Portland. If you also file a TriMet return, the Federal extension is recognized but you are still supposed to prepay any tax you will owe. There are forms and links on our website.

Traditional & Roth IRA

The maximum contribution for **2016** is **$5,500 ($6,500** for taxpayers 50 years or older). The deductibility of Traditional and the ability to contribute to Roth IRAôs are subject to income limitations. There is no income limit on converting from a Traditional to a Roth. If you plan to convert a Traditional to a Roth, please talk with us before you do so as the converted amount will have some taxability.

Foreign Bank Accounts

If you have any foreign accounts, including online gambling, retirement or business interests, with a combined value of more than $10,000 at any time during the year, or a foreign business ownership (not a mutual fund), **you** must file the FinCEN 114 Form electronically online by 4/15/17. There are **substantial penalties** for failure to disclose these items. Here is a link to the forms: http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Report-of-Foreign-Bank-and-Financial-Accounts-FBAR

Tax Credits:

Education Credits – repeated because of its importance

We must have form 1098T **AND** the account summary showing payments with dates paid unless box 1 is completed.

Oregon:

Medical Subtraction for Oregon

The Oregon Special Medical Subtraction is available for taxpayers 64 or older on 12/31/16. **You need to total your medical expenses separately for the taxpayer and/or spouse** for the additional write-off on the Oregon return.

2016 Charitable Contributions
Beginning 1/1/16, Oregon will disallow any contributions made to Nonprofits that do not keep/use 30% or more of the contribution for their exempt purpose. For more information go to: www.nonprofitoregon.org/node/1320

City of Portland and Multnomah County:

Portland Arts Tax
This tax is due annually for most residents living within the City limits. It is not included in our software and ***WE DO NOT PREPARE THIS FORM***. For more information, go to: www.portlandoregon.gov/revenue/artstax .

City of Portland and Multnomah County Business License Tax
If you do business or own even 1 rental within their boundaries and your Gross receipts for ALL business and rental activity is at least $50,000 you are required to file a tax return and pay tax. You must file an exemption request form if your gross receipts are under $50,000.

Business Info: Corps, Partnerships, Schedule C's, Rentals and Employee Expenses:

Partnership Due Date
Partnership returns are now due March 15th (1 month earlier). Due date with extension remains September 15th.

Tax Form Filing Deadline
1099s and W2s for 2016 payments must be issued to the people and sent to IRS and/or Oregon by **January 31, 2017**. If you would like our office to complete your forms for you, we need the information by **January 13th** to complete them on time. You can order the free forms and instructions to complete them yourself at www.irs.gov or call 1-800-829-FORM (3676).

Assets
Business and rental equipment, furnishings and fixtures of **$2,500** or less per item or invoice can now be a direct expense on your tax return if a timely election is made. ($200 per item without the election.) For any asset over $200, we will need the description and purchase/in-service date.

Business Use of Home
A taxpayer may elect (year to year) to use a new Simplified Method in deducting Home Office Expense. A deduction of $5 per square foot to a maximum of 300 square feet ($1,500 maximum) is allowed. Using this method means no depreciation recapture on sale of the home and no expenses (like utilities) are needed.

Inventory
Take a physical count on December 31st and value at your cost (not retail).

Rental Use Days
All rentals must report how many days actually rented at fair rental value. (Renting to friends or family members for less than FMV is considered personal use). For mixed use, you must also report the number of days used for personal purposes, and you are required to keep a log.

Mileage Log Requirement
You must have a log in order to take the mileage deduction. IRS and Oregon are both continuing to aggressively audit this area and Oregon has been rejecting mileage logs as "not good enough". You are required to record mileage as it occurs instead of trying to recreate it later. There are online sites to help record your mileage. We are using www.mileiq.com and if you say you were referred by The Tax Team you will get a 20% discount on an annual subscription. Use discount code: CAND598A

Refund Delays
Due to IRS budget cuts, reaching someone by phone is difficult, if not impossible. We have the same 1-800-829-1040 phone number as you do. Refund information is still available at: www.irs.gov and then click on "Where's My Refund". Oregon has

a link as well: https://revenueonline.dor.oregon.gov/tap/_/#1 Links are available on our website. http://thetaxteamllc.com. Some returns are delayed due to identity theft or reviewed before issuing refunds. Unfortunately, we do not have access to any more information than you do.

PROTECT YOURSELF – Scams saying they are the IRS continue to be a problem.

Here are five things the scammers often do but the IRS will not do. Any one of these five things is a tell-tale sign of a scam.
The IRS will never:

- Call to demand immediate payment, nor will the agency call about taxes owed without first having mailed you a bill.
- Demand that you pay taxes without giving you the opportunity to question or appeal the amount they say you owe.
- Require you to use a specific payment method for your taxes, such as a prepaid debit card.
- Ask for credit or debit card numbers over the phone.
- Threaten to bring in local police or other law-enforcement groups to have you arrested for not paying.

Office Hours

We will be in the office December 19th, 20th and 21st from 9am to 3pm, as well Tuesday December 27th from 10am to 2pm. We will return to the office on Tuesday January 3rd working our normal Monday thru Wednesday 9 to 3.

Beginning January 16th, our office will be open 5 days a week from 9am to 5pm. Beginning Saturday January 28th, our hours will be: Monday and Wednesday from 9am to 7pm. Tuesday, Thursday, Friday and Saturday from 9am to 5pm.

Free Pocket Planners / Calendars for 2017 have arrived. Please stop by if you would like one.

Out of respect to those with allergies please do not use fragrances and pets are not allowed in our office.

We really appreciate your business and look forward to working with you this coming year.
Best wishes to you and yours.

Happy Holidays,

Carole — carole@thetaxteamllc.com
Jessica — jessica@thetaxteamllc.com
Kathy — kathy@thetaxteamllc.com

The Tax Team LLC
525 W. Gloucester St.
Gladstone, OR 97027
(503) 777-1040 voice
(503) 775-4041 fax

website: www.thetaxteamllc.com