Happy Holidays
2017

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 REQUIRED Taxpayer Information Checklist for you to complete. This checklist is also available on our website 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 qualify for 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 yearôs information are available upon request. Email your preparer or call us at 503-777-1040 to request the personalized version.

Pending Tax Reform

As you all know, the House and Senate are working toward Tax Reform that will be effective January 1,2018.
Important: If you itemize, and usually owe State Income Tax, you should consider prepaying (with a voucher) your State Taxes by December 31, 2017 as State Income Taxes will most likely not be deductible in 2018. The Standard Deduction is expected to double and fewer taxpayers will itemize their deductions for Federal. You may want to prepay your January mortgage payment in December in order to get a benefit for that mortgage interest. The payment must post to your account by December 31, 2017.

IRS Tax Return Processing Delay for SOME Returns

Returns that include Earned Income Credit or Additional Child Tax Credit will be delayed for processing until February 15, 2018. There is no information available regarding refund dates as IRS is still waiting Congressional actions.

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 Tax Credit, Child Tax Credit or the American Opportunity Tax Credit. **Documentation the IRS feels is adequate to support the credits include: 2017 School Records, Landlord Statement, Medical Records, Healthcare Provider Statement, Childcare Provider Records, Social Services Record or Statement, or Place of Worship Statement. (IRS Form 886-H-EIC lists the requirements and can be found on our website.) Any Schedule C business that receives cash regularly must provide a log of their income transactions in order to prepare the tax return.**

Education Credit 1098-T Forms Requirement

For 2017, **ALL** education tax credits must be supported with a 1098-T. We cannot prepare your tax return without a copy of the form. In addition, if box 1 of the 1098-T is blank, we will need the financial activity (including date) on the account to determine how much tuition and fees were actually paid during 2017. Remember to include receipts for 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. Start early. Many colleges only have the forms online for students to download. The Tuition and Fees subtraction expired 12/31/16.

Tax Filing Due Dates

The tax filing due date, without extension, is Tuesday, April 17, 2018. Due date with extension will be October 15, 2018.

Tax Preparation

We provide a secure portal for transferring information and tax documents. We encourage you to scan and upload to the portal, fax, drop off or mail (keep copies) your information or documents to us. You can go to: https://thetaxteamllc.securefilepro.com/ and upload the files as a guest at any time, or contact us to set up your personal portal account.

We still offer a 10% discount for referring a new tax client, and the new client will receive a first-time 10% discount. In addition, there is a 10% discount available if you get your tax information to us, (without an in-person appointment) by **3/1/18**. 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 on your **REQUIRED COMPLETED TAXPAYER INFORMATION CHECKLIST**.

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 thru the marketplace or exchange, we MUST have the 1095-A in order to complete your taxes as required by the IRS. The IRS will not accept any return without either insurance information or a Shared Responsibility Payment for not having health insurance.

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 Form 1098 from you for any mortgage interest you will be deducting. Additionally, we need the **Final Closing Disclosure** from your Lender or the **Final Settlement Statement** from Title if you purchased, sold or refinanced your home in 2017. If you refinanced, and took 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 for you without your authorization. Taxpayers are allowed to extend their individual tax filing due date to 10/15/18 by filing form 4868 on or before 4/17/2018. You can call or email us to file for you or you can go online at https://www.irs.gov/ or click on our website for the form and link. **Filing an extension does not extend your time to pay.** If you think you will owe, you need to send payment with your Federal and/or Oregon extension form or you can file and pay online. IRS website is https://www.irs.gov and Oregonȏs 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 www.thetaxteamllc.com.

Traditional & Roth IRA

The maximum contribution for **2017** is **$5,500 ($6,500** for taxpayers 50 years or older). The deductibility of Traditional and the ability to contribute to Roth IRAȏs 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 4/15/2018. 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

Oregon:

Good News! Oregon has a Kicker again this year. It will be 5.6% of your 2016 liability.

Short Term Rentals & Airbnb

Heads Up! If you have short term rentals in Oregon, be sure to research permitting, hotel tax and luxury tax issues. These are some of the issues we have heard of; there could be more. City of Portland has their own taxes and requirements.

Medical Subtraction for Oregon
The Oregon Special Medical Subtraction is available for taxpayers 64 or older on 12/31/2017. You need to total your medical expenses separately for the taxpayer and/or spouse for the additional write-off on the Oregon return.

Charitable Contributions
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: https://justice.oregon.gov/Charities.

Portland Arts Tax
This tax is due annually for most residents living within the City limits. The City prefers this return be filed and paid online. For more information go to: www.portlandoregon.gov/revenue/artstax. Upon request, we can prepare a paper return for you to mail in with your payment. Tax preparation fees apply.

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

1099 & W-2 Filing Deadline
1099s and W-2s for 2017 payments must be issued to the people and sent to IRS and/or Oregon by **January 31, 2018**. 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).
Oregon is requiring **ALL** 1099s to be filed electronically via iWire this year. Their website is: http://www.oregon.gov/DOR/programs/businesses/pages/iwire.aspx. Federal forms are still allowed to be mailed.

If your 1099s are not filed timely, or you issue a 1099 to someone who should be an Employee, Oregon will disallow the expense write-off. Example: Late or Erroneous 1099s = $25,000 – Oregon will add $25,000 to your taxable income.

City of Portland and Multnomah County Business License Tax
If you own real estate (excluding your primary residence) or do business within their boundaries and your Gross receipts for ALL business, rental activity and real estate sales 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 and you have not received a waiver letter from the City.

Assets
Business equipment, furnishings, fixtures, etc., of **$2,500** or less per item or invoice can now be a direct expense on your business 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/placed in service date.

Inventory
Take a physical count on December 31, 2017 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 Fair Rental Value 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 Rates and Log Requirement
Beginning on January 1, 2017, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

- 53.5 cents per mile for business miles driven, 2018 has not been announced
- 17 cents per mile driven for medical or moving purposes
- 14 cents per mile driven in service of charitable organizations

You must have a log in order to take the mileage deduction. IRS and Oregon are both continuing to aggressively audit this area. 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 LLC, you will get a 20% discount on annual plans. 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: https://www.irs.gov/ and then click on ñWhereôs My Refundò. Oregon has a link as well https://revenueonline.dor.oregon.gov/tap/_/. Links are available on our website http://thetaxteamllc.com. Some returns are delayed due to identity theft and some are pulled and reviewed before issuing refunds. Unfortunately, we do not have access to any more information than you do.

PROTECT YOURSELF – Scams saying they are 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 18th and 19th from 9am to 3pm, as well as Wednesday December 27th from 9am to 3pm. We will return to the office on Wednesday January 3rd working our normal Monday thru Wednesday 9 to 3.

Beginning January 15th, our office will be open 5 days a week from 9am to 5pm. Beginning Saturday January 27th, our hours will be: 9am to 5pm Tuesday, Thursday, Friday and Saturday, and 9am to 7pm Monday and Wednesday.

Donôt delay your return preparation just because you think you owe taxes. 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. We need all info by April 1st to avoid possibly filing an extension. Remember the 10% discount for early drop-offs.

Free Pocket Planners / Calendars for 2018 have arrived. Please stop by if you would like one.

Out of respect to those with allergies, pets are not allowed in our office and please, no fragrances.

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

Happy Holidays,

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