

TAX FACTS NEWS



Please don't wait until the last minute! Schedule your appointment today.

security...Security...SECURITY!

Here at Tax Facts, security of your information has always been a top priority. Every class I took this year (over 30 hours of continuing education!) highlighted the IRS rules, and penalties, for guarding your tax information. The IRS has been hit hard by identity theft. In 2013, the IRS estimates that \$5.8 billion was paid out in fraudulent tax refunds. In 2014, they paid out another \$3.1 billion despite their best efforts to block the holes in their computers. (How much more did they pay out that they don't even know about?!) Then 2015!! Hundreds of thousands of tax returns were stolen in an IRS computer breach and in 2016, the identity of over 100,000 taxpayers were stolen in another hack attack. (geez!)

So, what does this atmosphere of heightened security mean to you? The IRS has taken some steps to counter the fraud.

- The IRS has closed preparer access to information we need to help you if you get an IRS Letter. (Why?)
- The IRS has doubled preparer penalties if we don't ask you enough personal questions. (Not my job!)
- The IRS is slowing down and delaying the release of refunds that include any refundable credits until at least mid-Feb. (Sorry!)
- Employers must file 1099s and W2s with the IRS by Jan 31. (Quicker search for unreported income)

Introducing SecureFilePro! For years, all returns from Tax Facts have been password-protected, but most of you have not encrypted the information you send to us. To provide you with **better security**, Tax Facts has opened a cloud-based "PO Box" for you to send us your tax documents. Clint has made it quick and easy. Scan your documents to your desktop and then go to our [website](#) and click the [Securely Send Files to Tax Facts](#) button.

Also on the [website](#) is [a list of what documents you should send us](#), a list of common deductions for [personal](#) and [business](#), some blank forms for information we may need from you, and some [tax humor](#) to lighten your day.

– Penny Tokash, EA

FYI for 2016 (2017)

- **Business Mileage rate** is \$0.54 (\$0.53.5)
- **Medical/Moving mileage rate** is \$0.19 (\$0.17)
- **Volunteer mileage for charity rate** remains at \$0.14
- **Contribution to an IRA** max \$5,500
Increase to \$6,500 if over age 50
- **Social Security Wage Max** is \$118,500 (\$127,200)
- **ACA Max Penalty** is \$2,085 (TBD)

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Our 2017 Tax Season hours will be:

Monday - Thursday	8:30-7:00
Friday	8:30-5:00
Saturday	8:30-2:00

Walk-ins are always welcome!

Drop-Offs are encouraged!

If you are a prior client and comfortable that your tax situation hasn't changed much, **you can "drop off" your tax information** and we'll have your taxes prepared in a few days. You can find useful forms at our [website](#) or call us for a personalized [organizer](#).

EPIDEMIC SCAMMING!

*Be very careful of **phone calls, letters and emails** you receive that say they are from the IRS. There is epidemic scamming going on! My suggestion is that you **assume any contact is a scammer**. Send us a copy of the letter or email and **let us validate it**. If it is a phone call, tell the caller to contact your preparer at Tax Facts. These scams work because a lot of taxpayers **DO** owe the IRS or are afraid they **MIGHT** owe the IRS and are an easy mark for the scammers. **It's OK! Let Tax Facts hold your hand! We don't mind, really!***

OF COURSE THE STATE WANTS US TO BEWARE OF TAX-SEASON SCAMMERS, THEY WANT ALL OUR MONEY FOR THEMSELVES.



Tax Changes 2016

We told you last year that certain deductions were made permanent in the **FAST Act** and the **PATH Act of 2015**. These included the **Educator Expense**, the **Sales Tax deduction**, and for businesses – the **R&D Credit**, and **Section 179 expensing** of new equipment up to \$500,000. **Bonus Depreciation** remains at 50% for 2016 and 2017 before it starts to go away in 2018.

Some deductions were extended to 2016 before they went away as of 2017. Most notable of these is the **Mortgage Insurance Premium (MIP)** which will be itemized on the year-end interest statement from your mortgage company. You can deduct it (if you qualify) when you file this year but it is gone for 2017. Also, still allowed when you file this year but then nevermore, is the **forgiveness of debt on your personal residence** if the bank foreclosed or if you renegotiated the mortgage down.

What WILL affect many taxpayers when you file this year, are the new rules to combat identity theft.

- **The IRS will hold back and not release refunds** until after February 15th for those tax returns with Earned Income Credit, Child Tax Credit, or Education Credits. (most early filers!)
- Taxpayers with **newly issued Social Security numbers or ITINs** will not be allowed to amend prior years' returns for the child tax credits or education credits.
- **ITINs (temporary identity numbers) that were not used at least once in the past three years expired on Dec 31, 2016.** If you are expecting a refund on 2016 taxes, you should start the renewal process now. This rule applies to the taxpayers but also to children without social security numbers who are listed on your tax return.

New Deadlines in Red

(IRS Tax Calendar)

- **Jan 31** – 1099's, W2's, Year-End Payroll Reports
- **Feb 15** – **Earliest refund date for EIC and CTC**
- **Mar 15** – **Partnerships, S-Corps**
- **Apr 18** – Personal, **C-Corps**, Foreign Accounts



"HEY, DON'T FORGET TAX DAY IS ALMOST HERE! HOW AM I SUPPOSED TO FUNCTION IF YOU DON'T DO YOUR FAIR SHARE?!"

Are your zombie-fighting skills up to snuff?

You have a lot of problems when dealing with identity theft, but don't overlook your zombie debt. **Zombie debt is debt that you think is dead, gone, forgotten but has somehow come back to life.** Debt collectors are calling and your walking-dead debt now threatens your finances when you think you finally have things straightened out.

Zombie debts might be:

- Debts you already settled with a company or another debt collector
- Debts that were discharged in a bankruptcy
- Debts that are past the statute of limitations or no longer appear on your credit report
- Debts you never owed, like those resulting from identity theft

Here are some **tips for battling zombie debt** when a collector is calling:

- **Verify it is real.** Do you recognize the debt? Maybe it is a fake collector calling. Get a free copy of your credit report at www.annualcreditreport.com to see if the debt is listed there. If the debt is a result of identity theft, free tips and sample letters to dispute it are at www.identitytheft.gov
- **Know your rights to protect yourself.** You have the right to request a written validation of the debt from the collector. The validation should include the amount owed and the creditor's name. By law, the debt collector must send you this information within 5 days of your request.
- **Don't ignore lawsuits.** If a debt collector has filed a lawsuit against you to collect zombie debt, respond either personally or through your own attorney by the date specified in the court papers to preserve your rights.
- **Don't accidentally reset the debt clock.** If you make, or promise to make, a payment on a debt that you don't owe or that is too old for a collector to make you pay, a debt collector can sue you for the full amount plus interest and fees.

Finally – If a debt collector threatens, harasses or intimidates you into paying a zombie debt – that's illegal. Report it to the FTC (Fair Trade Commission: www.ftc.gov) or your state Attorney General's office.

*There's a **FREE** App for that!*

Check your Federal Refund: IRS2GO
Charity Donations ITSDEDUCTIBLE
Organize Receipts: SHOEBOXED
Track Expenses: TAP2GO
Track Mileage: MileIQ
IRA Req Min Distribution IRA RMD