MER Tax, Accounting, and Consulting

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2018 Year-End 1040 Client Letter

Dear Valued Client,

Once again a new year is behind us and income taxes are coming. In this tax season all Americans will be seeing changes on their tax returns. In preparation of these changes, Ben and I attended several seminars to learn the new laws and how to apply them. This was a major rewrite of the tax laws and contains many new ways of doing things. As a result of this additional training, we need to increase our fees again this year. For personal returns, you should just see minor increases, but for all business owners, you will see significant changes in our fees. As always, our fees are posted on our website.

Our tax organizers continue to be available, for free, to anyone who requests one — please call the office to request one for 2018. Please DO NOT use the generic organizer on our website if you are a returning client. Upon request, we will send a personalized organizer with your personal information and last year's information as well, so that you know what you should be collecting for this year. If you complete a tax organizer, **please bring any tax forms you have received as well, including W-2s, 1099s, 1098s, 1095s, K-1s, consolidated brokerage statements, etc. We also need to see your current driver's license. (It cannot be expired.)** We will make a color copy of it for our files and return it to you. They are **mandatory** for all State tax returns. These returns cannot be e-filed without it.

Please complete the *2018 RETURNING client packet* on our website (click on the *Resources* section) and bring or send them with your tax documents. Also, if you have not provided us with a copy of your Social Security card(s), please bring them with you to your appointment.

If you are a returning client and **do NOT own rental properties or a business** and do not have any major changes from 2017, you may drop off or upload through your Client Portal, any tax documents and information **without an appointment**. If you do not have a Client Portal with us and would like one, please call our offices, and we will set one up for you. **If you DO own rental properties or a business, please make an appointment to come see us to discuss your tax documents and information**.

Each year, you must notify us of any changes in business and rental property, equipment, and other depreciable assets. **If you have disposed of, sold, traded in, or converted any of the items listed on your depreciation schedule, you must provide us with the date of sale/disposal/trade in/conversion and sale/trade in price.**

As many of you know, I managed to come down with **both** Type A and Type B influenza during tax season 2016. I also contracted a lung bacterium in 2018, and have been sick for most of the last year. With all three occurrences I ended up in the hospital with pneumonia. I believe this happened due to my increased exposure to people and the fact that I am immuno-suppressed because of medications I take for my rheumatoid arthritis. **PLEASE DO NOT COME TO OUR OFFICE IF YOU ARE SICK, OR EVEN IF YOU THINK YOU ARE COMING DOWN WITH SOMETHING.** If you have a scheduled appointment, please call to let us know you will not be coming in as scheduled and call us back when you feel better, and we will be happy to reschedule your appointment.

SECURITY AND IDENTITY THEFT

The IRS has determined that one of the prime targets of data theft is tax preparation companies. Because so many electronic information breaches occur via email attachments, we have implemented our new information transfer policy. This means we will **NOT** open any documents that you have sent us via email. **We now will accept data from you in 4 ways: surface mail, drop-off, fax, or upload to your Client Portal.** We know these changes may be inconvenient, but it is the best way to protect your information.

AFFORDABLE CARE ACT

All Americans will be affected in some manner by the Affordable Care Act of 2010 (Obamacare.) Your Forms 1095 verify to the IRS your health insurance coverage. **If you received a Form 1095 from any issuer or agency we MUST have all copies to prepare your tax return**. If you do not receive all of your Forms 1095 by the time you are ready to file your return, the providers of the forms may have requested an extension. In that case, be sure to complete the *Required Health Insurance Information for Tax Returns* sheet included in the *2018 RETURNING client packet*.

FOREIGN ACCOUNTS

If you have financial accounts, business interests, or business ownership (not through a mutual fund) with a value over $10,000 in a foreign country, please let us know, as some special rules will apply to you. There are substantial penalties for failure to disclose these items.

EDUCATION EXPENSES

The IRS requires all education expenses to be supported by proof of payment. If your Form 1098-T tuition statement lists a tuition *amount paid*, that is sufficient, however if the amount listed is a tuition *amount billed*, additional documentation will be required. Please provide us with any needed documentation for tuition, books, software, or other school supplies. Any form of proof is sufficient, be it bank statements, account statements from the school, or receipts.

OTHER INCOME

If you have any income from AirBNB, Turo, Etsy, eBay, or similar consumer to consumer programs, please let us know because this income must be claimed on your tax return. Our engagement letter also discusses this concern.

LAST, BUT NOT LEAST

There are hundreds of other changes, extensions, and deletions to the tax code that we will consider this year while preparing your return. Because of these changes, we are requesting everyone to try to have their tax information in to us no later than March 15, 2018. Rest assured that we will utilize our best resources to once again provide you with timely, complete, and accurate service while keeping your tax burden to the lowest legal amount.

Sincerely,

M.E. Richey

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