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TAX ALERT July 2016

DFG In The News

[As Tax Time Looms, Some Money Saving Steps](#)

Ann Carrns, from The New York Times,
March 2016

[What you need to know before choosing a tax preparer](#)

Hadley Malcolm, from USA TODAY,
February 2016

[What To Do With New ObamaCare Forms 1095-B, 1095-C For 2016 Filing Season](#)

Ashlea Ebeling, from Forbes,
January 2016



Words of Wisdom

“It is during our darkest moments
that we must focus to see the light.”

Aristotle Onassis

Our New Responsive Website Is Live!

DeFilippis Financial Group is excited to introduce our newly designed website at www.defilippisfinancial.com with access to cutting edge technology for our clients and insightful information on the subjects of tax and wealth management.

Our updated website incorporates the feedback we received from you and will provide access to a wealth of resources on the topics of tax and wealth management. Website features include, online access to your [wealth management accounts](#) and a secure portal for your tax documents which will be available in January. You'll also be able to confirm your tax and financial appointments with our new user-friendly form. Along with these functionalities, you'll find past copies of our newsletters, read more about DeFilippis Financial Group and our top [frequently asked tax questions](#), for your convenience. A new feature is the [Brilliant Deductions@ blog](#), authored by founder [Steve DeFilippis](#).

We'd love to hear what you think about the site and invite you to visit and explore.



Selling Your Home in 2016?

If you are selling your home in 2016, you might receive Form 1099-S reporting the proceeds from the sale. If you receive this form, please remember to bring it to your tax appointment as this will have an impact on how your transaction is reported to the IRS.

Don't forget to contact our office to update your contact information. Please understand that we **cannot** accept changes to your personal profile by email. Complete, **sign** and send the **Tax Client Information Change Request form** to our office. If you do not have internet access please call our office to request the form.



What is Form 5498?

In the month of May, after every tax season, you can expect to receive IRS Form 5498 **if you made contributions to or rolled over funds into an IRA, SEP, or SIMPLE in the preceding tax year**. The "custodian" of your retirement account, typically the bank or other institution that manages your account, will mail a copy of this form to both you and the Internal Revenue Service.

While this form will not be needed to prepare your tax return you should keep this copy with your tax records.

Don't Fall for the Latest IRS Imposter Phone Scams

Students are the newest target for IRS impersonators. The scammers are informing their victims that they owe a "student tax" and must pay up now or be reported to the police. Another phone scam involves fraudsters demanding payment of overdue taxes in the form of iTunes gift cards. Remember, the IRS will not make unsolicited calls about tax debts, demand immediate payment, nor threaten to bring in law enforcement officials to have you arrested for not paying. If you receive a scam call, report it to Treasury inspectors at 1-800-366-4484 and to the Federal Trade Commission (FTC) by filing a consumer complaint at www.ftc.gov.

IRS Will Stop Initiating Field Audits by Telephone

In response to complaints by taxpayer rights groups and practitioners that phone calls are inappropriate in light of the widespread phone scams by imposters impersonating IRS employees, the IRS has ceased calling taxpayers to initiate field audits. Now IRS examiners will first send a letter and then follow up by telephone.

Hobby Losses to Undergo More Scrutiny

Due to a Treasury inspector's report indicating that the IRS does a poor job of detecting and policing hobby losses, the IRS will be taking an even closer look at these suspicious returns. The hobby loss rules state that an activity is carried on for profit if it makes a profit during at least three of the last five tax years, including the current year. If the activity does not produce a profit in at least three of the last five years, the taxpayer must prove that the activity is not a hobby. If an activity is a hobby, losses from that activity may not be used to offset other income.

Generally, an activity qualifies as a business if it is carried on with the reasonable expectation of earning a profit.

In order to make this determination, taxpayers should consider the following factors:

- Does the time and effort put into the activity indicate an intention to make a profit?
- Does the taxpayer depend on income from the activity?
- If there are losses, are they due to circumstances beyond the taxpayer's control or did they occur in the start-up phase of the business?
- Has the taxpayer changed methods of operation to improve profitability?
- Does the taxpayer or his/her advisors have the knowledge needed to carry on the activity as a successful business?
- Has the taxpayer made a profit in similar activities in the past?
- Does the activity make a profit in some years?
- Can the taxpayer expect to make a profit in the future from the appreciation of assets used in the activity?

If you have been filing a Schedule C with losses and haven't shown a profit in at least three of the last five tax years, your activity is most likely a hobby and not a business. Deductions for hobby activities are claimed as itemized deductions on Schedule A (Form 1040).



Summer Office Hours

July 1st – August 31st

Reception is available *Monday through Friday* from 9:30 AM to 3:30 PM.



Steve is available *Tuesday through Friday* from 11:00 AM to 3:30 PM. Appointments needed before or after this time may be scheduled, if available.

Monday: **CLOSED**

Saturday: *By appointment, when available*

Sunday **CLOSED**



2016 Standard Mileage Rates

Beginning on Jan. 1, 2016, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) are:

- ◆ \$0.54 per mile for business miles driven
 - ◆ \$0.19 per mile driven for medical purposes
 - ◆ \$0.19 per mile driven for moving purposes
 - ◆ \$0.14 per mile driven in service of charitable organizations
-

You have several email addresses for your company. Which email address should I use?

- If you are a client communicating with Steve regarding a specific tax-related issue (ex. If I withdraw money from my IRA how will this impact my tax return, etc.), you will use his email address ending with @defilippisfinancial.com. When in doubt please contact our office to obtain Steve's correct email address.
- If you are a client communicating with Steve regarding a specific investment-related issue (ex. If you have a specific question about one of your investment accounts), you will use his email address ending with @ceterafs.com. When in doubt please contact our office for Steve's correct email address.
- If you need to schedule a tax appointment, confirm/change a tax appointment or communicate regarding a tax-related administrative matter (ex. change of address, etc.) you should send your email to admin@defilippisfinancial.com. This is a general mailbox for tax-related email messages only. If your message requires an immediate response please call our office.
- If you need to schedule a financial appointment, confirm/change a financial appointment or communicate regarding an investment-related administrative matter (ex. change of address, etc.) you should send your email to defilippis@ceterafs.com. This is a general mailbox for investment-related email messages only. If your message requires an immediate response please call our office.



Filing an Extension

Remember, an extension is an extension of the time to file.

It is **NOT** an extension of the time to pay.

Individual tax extension paperwork due in our office by
or before Friday, September 30, 2016!

Joke of the Month

What's the difference between a Revenue Agent and a Soldier?

The Soldier jumps to orders and the Revenue Agent jumps to conclusions.

Author: Unknown

Trivia Question

I am donating used clothing and household items to a qualified charitable organization. To determine the deductible amount I can do the following:

- A. I don't need to determine an amount as the IRS provides a standard deduction that I can use.
- B. Use the fair market value of each item as provided in a donation guide published by The Salvation Army, Goodwill, another qualified charitable organization or even what the item has sold for on EBay.
- C. Use one-third of the original purchase price.
- D. Ask my neighbors what they think the items are worth.

The answer is B.



Important Dates to Remember

Individual estimated tax payments due

Thursday, September 15, 2016

Monday, January 16, 2017



Corporate tax extension paperwork due in our office

Thursday, September 1, 2016



Corporate tax return filing deadline

Thursday, September 15, 2016



Individual tax extension paperwork due in our office

Friday, September 30, 2016



Individual tax return filing deadline

Monday, October 17, 2016



Deadline to confirm your tax appointment

Friday, January 13, 2017

Tax-related email:

admin@defilippisfinancial.com

Investment-related email:

defilippis@ceterafs.com



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