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National Association of Enrolled Agents

TAX ALERT January 2017

DFG In The News

Steve's reputation in the tax field has generated more media interest in 2016. As a result, he was contacted by and quoted in:

-  *The Wall Street Journal*
-  *The New York Times*
-  *USA Today*
-  *Forbes*

Links to these articles are on our web site under the tab [Press Center](#).

Brilliant Deductions® Blog

If you haven't been to our website recently, you will notice many new and exciting features. One of these is the Brilliant Deductions® Blog. I will be posting blog entries regularly and encourage you to check back once a month. I am always interested in your feedback so please send me an email if you have a suggestion for a future Blog entry.



Words of Wisdom

“Your present circumstances don't determine where you can go; they merely determine where you start.”

Nido Qubein

IRS to Delay Tax Refunds Involving EITC and ACTC Next Year

Starting with the 2017 tax season, a new law will require the IRS to hold all Earned Income Tax Credit and Additional Child Tax Credit refunds until Feb. 15 as a safeguard against identity theft and tax fraud.

The IRS pointed out the new law is likely to affect some returns submitted early in the tax filing season. The action is driven by the Protecting Americans from Tax Hikes Act of 2015, or PATH Act, which was enacted Dec. 18, 2015. To comply with the law, the IRS said it will hold the refunds on EITC and ACTC-related returns until Feb. 15. This allows additional time to help prevent revenue lost due to identity theft and refund fraud related to fabricated wages and withholdings.

The IRS plans to hold the entire refund until that time. Under the new law, the IRS cannot release the part of the refund that is not associated with the EITC and ACTC. The IRS advised taxpayers to file as they normally do. The IRS will begin accepting and processing tax returns once the filing season begins, as they do every year.

The IRS still expects to issue most refunds in less than 21 days, though IRS will hold refunds for EITC and ACTC-related tax returns filed early in 2017 until Feb. 15 and then begin issuing them.

Illinois Department of Revenue to Delay Tax Refunds

As a result of new security measures the Illinois Department of Revenue will not begin releasing refunds until the third week of March.

Major Tax Reform Expected In 2017

For the first time in decades, the tax reform stars are aligned perfectly. It is very likely that we will see major tax reform sometime in 2017. The Congress and the incoming President have publicly stated that major tax reform is one of their priorities. In my opinion, the changes to our existing tax code will be far-reaching and retroactive to January 1, 2017.

Of course I will be staying on top of the latest developments. If legislation is passed and signed into law prior to early July, we will include a summary of the most important changes in our **July 2017 Tax Alert** newsletter. I will also be sure to cover this in future blog posts so make sure you check my website frequently for new developments.



What's your password?

In an effort to protect your personal information we have added an extra layer of security. **We CANNOT accept email requests to change personal information.** If you haven't already done so, during your next office visit we will ask you to create a password for identity verification.

Office Hours During Tax Season

Reception is open *Monday through Saturday* from 9:30 AM to 5:00 PM.



Tax appointments are required and are scheduled:

Monday & Wednesday
9:30 AM to 8:30 PM

Tuesday & Thursday
Not available for tax meetings

Friday
9:30 AM to 6:30 PM

Saturday
9:30 AM to 4:30 PM

Sunday **CLOSED**



Pick-up tax return appointments are required. We schedule fifteen (15) minute appointments for each return that is picked up.

Monday – Friday
9:30 AM – 11:45 AM

1:30 PM – 4:45 PM

Saturday
9:30 AM – 11:45 AM

1:00 PM – 4:45 PM

Sunday **CLOSED**

Important Tips to Avoid Tax Return Identity Theft

- Use security software to protect computers. This includes a firewall and anti-virus protection. If tax returns or sensitive data are stored on the computers, encrypt the files. Use strong passwords.
- Look for the “S.” When shopping or banking online, always look to see that the site uses encryption to protect your information. Look for “https” at the beginning of the web address. The “s” is for secure. Unencrypted sites begin with an http address. Additionally, make sure the https carries through on all pages, not just the sign-on page.
- Secure Wireless Networks. A wireless network sends a signal through the air that allows it to connect to the Internet. If your home or business Wi-Fi is unsecured, it also allows any computer within range to access your wireless and potentially steal information from your computer. Criminals also can use your wireless to send spam or commit crimes that would be traced back to your account. Always encrypt your wireless. Generally, you must turn on this feature and create a password.
- Be Cautious When Using Public Wireless Networks. Public Wi-Fi hotspots are convenient but often not secure. Tax or financial information you send through websites or mobile apps may be accessed by someone else. If a public Wi-Fi hotspot does not require a password, it probably is not secure. Remember, if you are transmitting sensitive information, look for the “s” in https in the website address to ensure that the information will be secure.
- Beware of phishing emails and phone scams. A common way for identity thieves to steal names and Social Security numbers, passwords credit card numbers, bank account information is to simply ask for it. Clever criminals pose as trusted organizations that you recognize and send spam emails, calls or texts. Their email may ask you to update a bank account or tax software account and provide a link to a fake website that is designed solely to steal your login information. They may call you posing as the IRS threatening you with jail or lawsuits unless you make an immediate payment. They may provide an attachment which, if you click or download, will infect your machine and enable the thief to access sensitive files or track your keystrokes. They might try to entice you with giveaway offers or free gifts to answer a survey.
- Protect Personal Information. Do not routinely carry your Social Security number. Properly dispose of old tax returns and other sensitive documents by shredding before trashing. Check your credit reports and Social Security Administration accounts at least annually to ensure no one is using your good credit or using your SSN for employment. *Oversharing on social media also gives identity thieves even more personal details.*

2017 Standard Mileage Rates

Beginning on Jan. 1, 2017, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) are:

- ◆ \$0.535 per mile for business miles driven
- ◆ \$0.17 per mile driven for medical purposes
- ◆ \$0.17 per mile driven for moving purposes
- ◆ \$0.14 per mile driven in service of charitable organizations

Filing an Extension

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

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

Joke of the Month

“Ignore them and they’ll go away” is great advice for some of life’s annoyances. Unfortunately, it doesn’t apply to taxes.”

Author: Martha C. White



It’s OUR 34th Anniversary!

Thanks to you, this tax season will be our thirty-fourth. Your loyalty and patronage are **greatly** appreciated.



Consent to Disclose Tax Return Information to a Third Party

Are you in the market for a new home or a new mortgage rate? Before you begin the lending process, call our office. The IRS tax code contains provisions that are designed to protect the confidentiality of your personal tax information and ensure that you are aware of anyone who is using or receiving your information. Consequently, your written authorization must be obtained prior to releasing information to your broker, lender or any other third party.

To provide us with the required written authorization, please print the *Consent to Disclose Tax Return Information to a Third Party* PDF document located on our website under the **Tax Services** tab, *Important Documents*.

<http://www.defilippisfinancial.com/important-documents-1>

Please allow 1 to 2 business days to process your request. There is a charge of \$10.00, per tax year, to generate a copy (paper or electronically) plus mailing costs, if applicable. Complete and sign the form and mail with the required fees to our office. Upon receipt, we will disclose the information you have requested to the third party. Please note that we must have an actual signed copy in our office before any tax information can be released.

Tax Return Copy Requests

A copy of your full tax return is located in the right-hand pocket of the *DeFilippis Financial Group*® tax folder you received during your pick up appointment. Additional copies are not kept on file at our office. When you contact our office to request a copy we must generate a new copy for you. Complete the form [Client Request for Additional Copy of Tax Return](#). This form is located on our website under the **Tax Services** tab, *Important Documents*.

Please allow 1 to 2 business days to process your request. There is a charge of \$10.00, per tax year, to generate a duplicate copy (paper or electronically) plus mailing costs, if applicable

April 18 Filing Deadline

The filing deadline to submit 2016 tax returns is Tuesday, April 18, 2017, rather than the traditional April 15 date. In 2017, April 15 falls on a Saturday, and this would usually move the filing deadline to the following Monday – April 17. However, Emancipation Day – a legal holiday in the District of Columbia – will be observed on that Monday, which pushes the nation’s filing deadline to Tuesday, April 18, 2017. Under the tax law, legal holidays in the District of Columbia affect the filing deadline across the nation.



MOVING?

Our office values your privacy and we do everything that we can to protect your identity. Email accounts are being hacked at an alarming rate. Email requests could be made to re-route your communications. Please understand that we **cannot** accept changes to your personal profile by email.

Complete and *sign* the [Tax Client Information Change Request](#) form. To ensure the request is actually coming from you we compare the signature on the change request form to the signature we currently have on file.

We must have your signature on file to make permanent changes to your client record. The form is located on the DeFilippis Financial Group® website under the **Tax Services** tab, subheading **Important Documents**

If you do not have internet access please call our office. You must provide your password to make changes by phone. If you do not have a password we will be happy to mail the request form to you or you may come into our office to make the changes in person.

Does Steve need a copy of Form 5498?

We get asked this question every year. In the month of May 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.

In most cases this form will not be needed to prepare your tax return. However, you should always keep this copy with your tax records.

Business Mileage Documentation is Critical to Successful Audit Defense

A recent Tax Court case (Powell, TC Memo. 2016-111) reinforces the importance of keeping a detailed mileage log to support your business deductions. In this case, a taxpayer used his personal vehicle in his marketing business. He kept a detailed log with the exact miles driven, destination and purpose for some activities. For others, however, he either estimated his mileage or failed to list his business destination. The Tax Court approved the business miles for which he had comprehensive records and disallowed the rest.

Remember, in an IRS audit the burden of proof falls on the taxpayer. According to IRS Publication 463, if you are deducting automobile mileage then you must keep records that show details of the following elements: the mileage for each business use, the date of the use of the car, your business destination and the business purpose for the expense.

To assist you in this area, please see the Business Recordkeeping Guide and Self-Employment Deductions Worksheet on our web site.

If You Sold Real Estate, Look Out For Form 1099-S

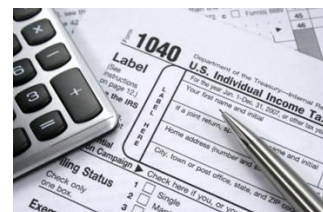
If you sold real estate in 2016, you might receive Form 1099-S reporting the proceeds from the sale. If you receive this form, please remember to bring it to your appointment as this will have an impact on how your transaction is reported to the IRS.

Monetary Donations

A bank record or a written statement from the charity is needed to prove the amount of any donation of money. Bank records include canceled checks, and bank, credit union and credit card statements. Donations of money include by check, electronic funds transfer, credit card and payroll deduction. For payroll deductions, the taxpayer should retain a pay stub, a Form W-2 wage statement or other document furnished by the employer showing the total amount withheld for charity, along with the pledge card showing the name of the charity.

Benefit in Return

Donors who get something in return for their donation may have to reduce their deduction. Examples of benefits include merchandise, meals, tickets to an event or other goods and services.



Important Dates to Remember*Deadline to confirm your tax appointment***Monday, January 16, 2017***Estimated tax payments due*Tuesday, January 17, 2017*Trust tax return documents*

Please drop off your trust tax return documents by Monday, February 27, 2017. The sooner the trust tax return is completed, the sooner we may begin working on your individual tax return!

*S-Corp tax return filing deadline*Wednesday, March 15, 2017*Partnership tax return filing deadline **has been changed to***Wednesday, March 15, 2017*C-Corp tax return filing deadline*Tuesday, April 18, 2017*Individual tax return filing deadline (extended due to Emancipation Day)*Tuesday, April 18, 2017*Corporate tax extension paperwork due in our office*Friday, September 1, 2017*Individual tax extension paperwork due in our office*Friday, September 29, 2017**Say YES to accept Prepaid Audit Service!**

Our **Prepaid Audit Service** is optional and available for an additional fee. This service, if selected, entitles you to free representation should the IRS or IDOR audit you. Although Steve is always available to represent you in an audit, he charges an hourly fee for this service. A simple audit can result in fees of several hundred dollars. If you elect to participate in our **Prepaid Audit Service**, a fee of 25% of your tax return preparation cost will be added to your bill. This fee will cover all representation work done by Steve on your behalf for your 2016 tax return. As you can see, participation in our **Prepaid Audit Service** can result in dramatically lower audit representation fees. Please note: You must meet our eligibility guidelines to participate.

Our Billing Policy

Thank you for being so supportive of our billing policy. To provide the best value, it is important for us to have a consistent billing policy that is the same for everyone.

In an effort to keep client fees down **we only accept cash or checks** made payable to **DeFilippis Financial Group®**. Our billing policy states that **all fees are due at the time of your appointment or when you pick up your completed tax return**. Staff does not have the ability to release the tax folder to clients until all fees have been paid.

We appreciate your continued cooperation.



Any advice in this communication is limited to the conclusions specifically set forth herein and is based on the completeness and accuracy of the stated facts, assumptions and/or representations included. In rendering our advice, we may consider tax authorities that are subject to change, retroactively and/or prospectively, and any such changes could affect the validity of our advice. We will not update our advice for subsequent changes or modifications to the law and regulations, or to the judicial and administrative interpretations thereof.

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