

Tips & Blips

January 2015

WE MAKE TAXES BEARABLE!!



What Information Should I Gather for My Income Tax Appointment?

Here is a checklist of the information that your tax preparer will need to prepare your 2014 income tax returns:

- * Copies of last year's Federal, State, and Local Tax Returns.
- * **Form 1095 A, B, or C or PROOF OF HEALTH INSURANCE**
- * 2014 Final Local Returns. (Contact your local government for these returns)
- * 2014 W-2s, 1099s, or K-1s.

In past years, we have found that some of our clients did not realize that their cost basis for the stock or mutual funds that they, or their broker, sold was not included on their 1099-B (sale or exchange of stock or mutual funds). You must obtain this information from your broker. Without this information at your appointment, we will be unable to complete your return. This means that your final returns could be delayed for up to two weeks.

- * Amount of any estimated tax payments made to the Federal, State, or Local governments for Tax Year 2014.
- * Social Security Numbers for all taxpayers and dependents.
- * **The closing/settlement sheets for any home purchased, sold, or refinanced.**
- * Amount of any education expenses. The educational institution that you attended should supply you with a Form **1098-T**.
- * Any interest paid on a mortgage, home equity loan, second mortgage, and student loans. Your lender should provide this information by January 31, 2015. If you do not receive this information, contact the lender and request it!
- * Property Taxes paid on all property you owned in 2014
- * Amounts paid for employee business expenses such as **books, publications, licensing fees, uniforms, union dues, etc.**
- * Medical expenses such as long-term care insurance, health insurance, doctor's fees, prescriptions, hospitalization fees, mileage, and parking. Remember, these expenses have to exceed 10% of your adjusted gross income in order to be deducted.

For our clients that are in Sales or Construction, Self-employed, and/or own Rental Property, please call to find out what possible deductions apply since the list is rather extensive.

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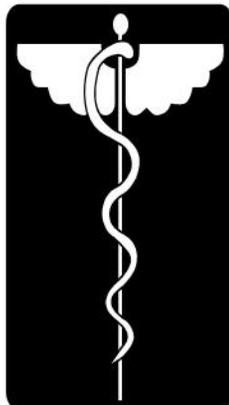
SATISFACTION GUARANTEE

If you are not completely satisfied with your return you do not have to pay for the services. We will return your documents to you and the return will be destroyed prior to leaving our office. This offer does not apply to tax returns that have rental property, business income, or stock and mutual fund sales associated with it. This offer is not available to corporations, partnerships, trusts, or estate returns.

How does my Mandatory Health Insurance affect my taxes?

The Affordable Care Act requires you to relay your Health Insurance Information on your taxes. During your income tax return preparation we have to verify that all members of your family have health insurance.

So what do I need to bring?



- * If your employer pays for your insurance you may receive Form 1095-C, although this form is voluntary for 2014.
- * If you purchased private health insurance you may receive Form 1095-B, although this form is voluntary for 2014.
- * If you purchased health insurance through the Federal or State Healthcare Marketplace, you will receive Form 1095-A.
- * If you have applied for an exemption, you need to provide the Exemption Certificate Number (ECN).

****IF YOU DO NOT RECEIVE THESE FORMS IT IS NECESSARY TO PROVIDE YOUR TAX PREPARER WITH PROOF OF HEALTH INSURANCE FOR THE ENTIRE YEAR. ****

WHY DO I HAVE TO EFILE?

The IRS is requiring all returns to be electronically filed again this year. It actually helps you to expedite the processing of your return and gets your refund to you, which is money in your wallet, faster!

Electronic filing is beneficial even if you owe money. The deadline to pay is April 15th no matter when they receive your return.

Electronically filing also helps the IRS minimize errors and misplaced paperwork.



STOCKS & MUTUAL FUND SALES:

If you sold any stock or mutual funds this year you need to provide your preparer with the following information:

- Sale price along with commission charged
- Cost of the stock (What you paid for the stock, the donor's cost basis if received as a gift, or inheritance valuation if received as a beneficiary)
- If you sold a mutual fund you need to provide the cost basis (the original cost, dividends and gains reinvested)

The easiest way to obtain this information is have your stock broker calculate these costs for you. After all you paid him a commission when you bought the investment.

Points to Ponder...

- ★ **Education**— If you, your spouse, or dependents went to college this year you could get a tuition tax credit up to \$2,500. Be sure to ask the school for form 1098T.
- ★ **Travel**— The mileage rate is .56 cents for 2014.
- ★ **IRA's** —The contribution limits are \$5,500 plus \$1,000 more for anyone who was born in 1964 or earlier. Starting in 2014 the income limitations for Roth IRA's has been increased up to \$191,000 for married people and up to \$129,000 for single people.
- ★ **Net Investment Income**—A 3.8% net investment income tax goes into effect starting in 2013 for individuals that have investment income about a certain threshold.
- ★ The deduction of a **vehicle donation** to a charitable organization is limited to the proceeds received by the charity. The charity must furnish a 1098C Form stating how much they received from your donation.
- ★ **Same Sex Couples** who are legally married under the laws of either their state or a foreign country can file a joint tax return this year with the Federal Government. Unfortunately, you will have to file separate returns for Pennsylvania as the state does not yet recognize Same Sex Unions.

