Spinner & Spinner Certified Public Accountants
35 West Union Avenue • Bound Brook, NJ 08805 • 732/560-9519 • Fax: 732/271-0607

January 2017

Happy New Year to you! Another year has passed and another tax season is upon us. Please call early to reserve your preferred appointment time. **Our cut-off date this year will be March 25, 2017. The filing due date for 2016 returns is April 18, 2017,** due to April 15th falling on a Saturday and April 17th being a holiday (Emancipation Day) in Washington, DC. In order for us to have adequate time to properly complete your 2016 returns by April 18, 2017, your information must be in our office by close of business on March 25, 2017. Otherwise, we will most likely need to file an extension for you. For those planning to go on extension, in order for us to have adequate time to input the information that you do have to determine if you need to send payments with your extensions we are requesting that your basic information be in our office by **April 8, 2017**. If you have any questions regarding these deadlines, please call.

We are excited to unveil our **new website** this year. Please take a look at www.spincpas.com and feel free to provide us with any feedback. In addition, your referrals may get information and reach out to us through this source.

You may have seen or heard reports that refunds for certain taxpayers receiving **Earned Income Credits** or **Additional Child Tax Credits** will be delayed until at least the middle of February. This is due to an effort by the IRS to avoid paying fraudulent refunds in these areas. This does not mean that the returns cannot be filed just that the refunds will not be issued so if either of these credits applies to you, please make sure to come in as early as possible to file your return so it is in the system.

The IRS is also looking to promote compliance with the **mortgage interest deduction** rules by requiring new information on the Form 1098 for mortgage interest reported by your bank or other financial institution. They will be reporting the date of the loan, the amount of the remaining principle and the address of the property secured by the loan in addition to the other information already provided. This is the first step in insuring that only allowable mortgage interest is deducted. The mortgage interest rules allow a deduction for interest on up to $1 Million in acquisition indebtedness plus $100,000 in Home Equity indebtedness on a first and/or second home. If you have any concerns about the deductibility of your mortgage interest please let us know and we can confirm the allowable amount.

Despite recent legislation passed by Congress, **Obamacare** is still an issue for 2016 returns. This means that unless you had no health insurance coverage all of 2016, you will be receiving some version of **Form 1095.** Similar to 2014 and 2015, if you had coverage under the Marketplace and/or received an **Advanced Premium Tax Credit**, you will be receiving **Form 1095-A**. If you are covered at work or through a government program such as Medicare, Medicaid or Tri-care you will be receiving a **1095-C** and/or **1095-B**. If your status changed during the year may you may receive more than one of these forms. The Internal Revenue Service requires that these forms be provided to us to assure that you have health insurance coverage. However, health care providers and employers have already been granted an extension to send these forms until March 15, 2017 so we will be able to accept alternative proof of coverage. Please be advised that once the actual documents are received if they are different from what we reported, we may have to prepare an amended return. Unless you qualify for an exception or received an Exemption Certificate, you may be subject to a penalty called the "Shared Responsibility Payment". The Shared Responsibility Payment for 2016 is the GREATER of $695 per person ($347.50 per dependent) or 2.5% of your modified adjusted gross income, including the modified adjusted gross income of your dependents. This penalty will be imposed on your 2016 federal income tax return. We will discuss possible eligible exceptions with you if you did not have insurance during 2016. If you feel you may qualify for an **exemption from being required to have health insurance**, please contact us early as we may need to send in a request for an exemption certificate which takes about two weeks to receive and is required before your return can be electronically filed.

In our letter last year, we highlighted provisions of the tax law that expired in 2014 and were extended either through the end of 2016 or extended permanently. The permanent extensions are the Sales Tax Deduction in lieu of the State Income Tax Deduction, the $500,000 Section 179 Deduction for business asset purchases, the $250 Teaching Supplies Deduction, the up to $100,000 Qualified Charitable Contribution from an IRA, and the Maximum $3,000 Refundable Child Tax Credit. The provisions only extended through the end of 2016 are the Tuition Deduction of up to $4,000 of secondary school expenses, the Deduction for Mortgage Insurance Premiums and the exclusion of cancelled debt from Qualified Mortgage Indebtedness. Bonus Depreciation of up to 50% of the cost of an asset is extended through 2017 and will be reduce to 40% in 2018 and 30% in 2019.

There is an important change to the **American Opportunity Credit** – the up to $2,500 credit for tuition PAID for higher education. While the credit was made permanent, beginning in 2016, the taxpayer identification number of the higher education institute must be provided on the form and this number must be obtained prior to the due date of the return. In addition, the higher education institute must report the amount PAID for education expenses not only the tuition billed. The amount paid will drive the amount of tuition available to claim for the credit. The TIN requirement will impact students studying in foreign institutions. If your tuition form does not include an amount in Box 1 for Tuition Paid we will be unable to use the information until it is corrected by the educational institution.

Due diligence: As you know, in addition to being a CPA, Wendy is also a licensed financial professional and offers services in this area as well. In its efforts to protect the integrity of your personal information, the Internal Revenue Service requires firms that offer additional services besides traditional accounting services to obtain approval from clients before utilizing any of their personal information to solicit or even discuss these additional services. Attached please find a letter that requires your signature(s) in order for Wendy to discuss financial services with you. This letter is optional and will only be used in the event you wish to discuss financial services or receive information regarding financial services. If you are already a financial services client, it is not necessary to sign this form. In addition, the financial services industry requires that we disclose to you the fact that Spinner & Spinner, CPA's P.C. is a separate entity from the financial services business that is operated by Wendy. There is a disclosure form regarding this distinction that also requires your signature(s). This form is required to be signed by all clients but does not allow Wendy to discuss financial services with you. Please feel free to contact us with any questions regarding these two items.

Attached is a checklist, which may assist you in compiling your 2016 tax information. A more detailed organizer will be mailed or e-mailed to you upon your request. As always, we hope that you will contact us early to secure your preferred appointment time and we will be available to discuss the issues raised in this letter as well as any others you may have. If you are planning to drop-off your information without an appointment, it is important that you completely **fill out the enclosed Drop-off Questionnaire**, which has the optional IRS disclosure form on the opposite side, as well as the separate financial services disclosure form referenced above. We are looking forward to seeing you soon.

Sincerely,

Wendy Spinner, CPA

Michael Spinner, CPA