Spinner & Spinner Certified Public Accountants

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Happy 2018! We hope 2017 was good to you and your families and wish you the best for 2018. Please call early to reserve your preferred appointment time. **Our cut-off date this year will be March 24, 2018. The filing due date for 2017 returns is April 17, 2018,** due to April 15th falling on a Sunday and April 16th being a holiday (Emancipation Day) in Washington, DC. In order for us to have adequate time to properly complete your 2017 returns by April 17, 2018, your information must be in our office by close of business on March 24, 2018. 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 your information to determine if you need to send payments with your extensions we are requesting that your basic information be in our office by **April 7, 2018**. If you have any questions regarding these deadlines, please call.

As you are probably aware, Congress passed sweeping reform to the Tax Code at the end of 2017. While most of this does not impact the 2017 returns being filed in 2018, we will be looking to provide tax planning strategies to you for 2018 and beyond. We are still sorting through the law and have been and will be attending various seminars to gain a more thorough understanding of its impact.

We would like to remind you about our website, **www.spincpas.com** . We will have this letter and the various checklists posted on this site and will be looking to expand the content in 2018. Check it out.

The Internal Revenue Service is not opening electronic filing season until January 29th but we are able to begin processing returns before then to have them ready for electronic filing as soon as possible. However, once again, refunds for certain taxpayers receiving **Earned Income Credits** or **Additional Child Tax Credits** will be delayed until at least the end 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**. Last year mortgage companies were required to begin 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. As a result, for those of you with home mortgages, we will be discussing your exposure to the limits on the home mortgage interest deduction.

Despite recent legislation passed by Congress, **Obamacare** is still an issue for 2017 and 2018 returns. This means that unless you had no health insurance coverage all of 2017, you will be receiving some version of **Form 1095.** Similar to 2014, 2015 and 2016, 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 2, 2018 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 2017 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 2017 federal income tax return. We will discuss possible eligible exceptions with you if you did not have insurance during 2017. 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.

Certain significant provisions of the Tax Code expired an December 31, 2016 and will not be available for 2017. These include the Tuition Deduction of up to $4,000 of secondary school expenses, the Deduction for Mortgage Insurance Premiums , the exclusion of cancelled debt from Qualified Mortgage Indebtedness and the $500 Energy Efficient Home Improvement Credit. There is some discussion about bringing back the Mortgage Insurance Premium Deduction but at this time it is no longer available. On a positive note, the Tax Cuts and Jobs Act decreased the threshold for medical expense deductions from 10% of Adjusted Gross Income to 7.5% of Adjusted Gross Income for 2017 so those of you with high medical expenses for 2017 may benefit.

The IRS is looking for compliance with the provisions of the **American Opportunity Credit** – the up to $2,500 credit for tuition PAID for higher education. Typically, the Educational institutions are reporting the amount billed for tuition to the student but the IRS will only allow the credit on the amounts PAID for higher education. The IRS is beginning to enforce this regulation so we are requesting that you not only provide us with the 1098-T for the tuition but a copy of the semester bills to reconcile these amounts.

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.

Attached is a checklist, which may assist you in compiling your 2017 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. We are looking forward to seeing you soon.

Sincerely,

Wendy Spinner, CPA

Michael Spinner, CPA