

LARRYS INCOME TAX & BOOKKEEPING SERVICE INC
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JANUARY 13, 2015
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Dear Client,

We wish each of you a Happy New Year! Congratulations are in order for my son, Carlos! He is now an Enrolled Agent, having the same credentials as myself. He passed the two day examination given by IRS on return preparation for individuals, business, ethics and representation.

The annual preparation of tax returns now involves an additional part. The first part with which we are all familiar is the traditional income and expense part. The newest part is the Affordable Care Act (Mandated Health Care Coverage requirement). We are enclosing a two page questionnaire that we are asking all of our clients to complete to help us accurately prepare your tax return. If you do not fill this out completely and bring it in, there will be an additional charge to your tax return, because of the additional time it will take us to do it for you. Please fill out and bring in the prepared questionnaire! The IRS will begin accepting electronic filed tax returns on January 20.

Now let us discuss some important items regarding our services this year. We ask that you please read them thoroughly to ensure you have the best experience this upcoming tax season:

- **Please note that I am no longer seeing "walk-ins" (individuals who come in without an appointment).** During tax season (January 15 until April 15), I will be available 6 days a week—again, by appointment only—from 9 to 7 Mon- Fri and from 9 to 4 on Saturdays.
- **You may drop off your tax information to us.** If you feel you do not need an appointment ("same as last year," "not too complicated," etc.), drop off your tax information in a large envelope, with your phone numbers written clearly. We will call you within two weeks to discuss it and notify you when it is done. Don't forget to fill out the Health Care Questionnaire!
- **My son, Carlos, and my daughter, Michelle, will see all "walk-ins" as well as clients who wish to see them by appointment.** They are available year round, Mon-Fri, and during tax season, the same hours as me. They are fully qualified to prepare taxes, as they are both college graduates and have received extensive training. Carlos is an E.A., and Michelle an RTRP.
- **Effective during March and April, any client who schedules an appointment with me will see a small surcharge added to their tax preparation bill since my billing rate is higher than Carlos or Michelle.**
- **There will absolutely, positively be no discounts--no exceptions.** Our prices are very reasonable for the quality service that is given. We have a customer referral program; for details, go to www.larrysincometax.com
- **We will not give a second appointment to anyone who fails to show up without giving us a 24 hour prior notice for rescheduling.** There will be a \$25 "no-show" fee added to your bill. You can either be seen as a "walk-in" without an appointment (Carlos or Michelle), or drop off your tax information. During tax season, appointments are scarce and are given at a premium. Missing one represents lost income to us and a lost opportunity for clients who may have wanted that time slot.
- **Please arrive early for your appointment or you may lose the time slot to a "walk in".** If you arrive late for your appointment (>5 min), we may already be seeing the next available "walk in" customer. However, if there is still time left on your slot, we will see you for the remainder of that time. Once time runs out, you will have to leave your information with us, and we will call you when it is done. It is simply unfair to allow late appointments to delay those clients who are on time.

• **Clients who come for appointments should not bring friends/family members who also want to be seen with you unless you have made an additional appointment for them.** While we love your efforts to spread the word about us, remember that your tax appointment is for your return to be prepared, not for additional returns to be done during your appointment.. Please schedule multiple appointments for your friends/family. As for your child's tax info, we may ask you to leave it with us and pick it up at a later time. We aim to stay on schedule.

We are enclosing a newsletter from the tax association we belong to, National Association of Tax Professionals. It contains some important information regarding the Affordable Care Act for 2014 and the Coverdell Education Savings Accounts. Also to be noted, the employee expense deduction for business use of a vehicle dropped from 56 ½ cents per mile to 56 cents per mile for 2014. Additionally, on page 3 of the newsletter, the Expiring Tax Provisions were all extended by Congress at the last minute in December.

For those of you who may qualify for the Earned Income Tax Credit, please bring in the child's birth certificate and social security card as well as your picture ID. Please do so even if you have brought it in the past as we have changed software programs, and need it again for coping into the new software. Also, be aware that the IRS is stepping up their efforts to challenge many claims to the Earned Income Tax Credit. You must bring us proof that the child lived with you in your house for more than half the year. We need to see it. This includes such things as a doctor or dental bill with the child's name on it listing visits and treatments with your address on it, or a letter from the school saying that the child's address of record for the school year was your address. You must keep these items for three years. Also, for children over 18 and under 24, they must have been in college or vocational technical school, and lived in your house, for at least half of the year. If they were boarding at college, a letter from the school showing your address as their address of record would be good. Furthermore, you must be able to obtain rent receipts or a lease showing that you have provided housing for the children, should the IRS ask for such documentation.

The IRS is also challenging many educational credits. To claim an education credit, you must keep copies of the cancelled checks, and/or receipts from the college or vocational school for paid tuition and books. If you or your dependent child have borrowed money for school on a student loan, that counts towards the paid tuition. It is usually best for you to claim the child *and* the education credit. You are permitted to do this even if the child paid for the tuition and books, per IRS rules. The reason for this is that the IRS could give the child a possible credit on the educational credits against any taxes owed on wages they may have earned, but they will not get any refundable credit, of up to \$1,000 more if they are under 25 years of age. Therefore, it is best if they file a return, not claiming themselves and not claiming the education credit. If the child worked part-time, they can still file a return (just not claiming an exemption) to obtain any possible refund of withheld federal and/or state taxes. Warning: for some reason, kids will sometimes file their taxes without telling you, so warn them not to do so until they talk to you.

As you should be aware of by now, you were required this year under the law to have health insurance coverage for yourself and everyone else that you claim as a dependent in your household, unless you or they are exempt from the requirement. You may have received some tax credits up front from the healthcare website if you signed up for the "Obamacare" insurance. You were not required to take this credit in advance. If you did not take it, then you may be eligible to receive the credit on this year's tax return. It would have been payable to the insurance company to reduce your out of pocket premium if you took it in 2014. The credit you may have been awarded was anywhere from \$600 to \$2,500 or more for the year. You could have received this "Premium Credit" if your income was anywhere from 100% up to 400% of the 2014 federal poverty guideline for your household size. It reduced the amount of out of pocket premium cost that you had to pay for the health insurance coverage because the premium credit paid for some of the actual insurance cost. If you underestimated your income for 2014 when applying for the exchange based health insurance, you may need to repay some of the credit because you would have gotten too much credit. It will be deducted from your refund assuming you have a refund due to you. Otherwise, you would owe the difference.

Some important forms will be sent to those of you who have the required health insurance. They may be Form **1095-A, Affordable Exchange Statement**, which is used by the insurance marketplace to furnish a written statement to each individual who enrolled in a qualified health insurance plan. The other form may be **Form 1095-B, Health Insurance Coverage Statement**, which should be mailed to each individual who has enrolled in a qualified health insurance plan. It serves as proof that you maintained coverage for each named individual. **We will need the forms to complete your income taxes if you had health insurance and received the forms in the mail. The IRS will know if you received the form as they will have a copy themselves, so do not forget to give us the forms or it could delay your tax refund.**

If you did not have the required minimum coverage health insurance for yourself and every individual whom you claim as a dependent, you may be entitled to an exemption from the requirement to carry coverage. You are exempt if your income is within the 2014 federal poverty guidelines of less than \$11,490 for a family of one, \$15,510 for a family of two, \$19,530 for a family of three, \$23,550 for a family of four, \$27,570 for a family of five, or \$31,590 for a family of six. Also, if one or more of the individuals is covered by another plan (for example an employer provided health insurance plan, Social Security Medicare, Louisiana Medicaid), then they are exempt. Anyone else in the household not covered is not exempt. If the coverage gap between obtaining health insurance plans was less than three months, you are exempt. You will not need an exemption certificate in these situations. **Otherwise, you will need to check the website at Healthcare.gov to see if you qualify for any other exemption excuses for waiver of a penalty. You would need to obtain a certificate of exemption in each circumstance from them to show to us. We can not obtain exemption certificates for you. If we do not receive your exemption certificate, then we will need to calculate the penalty.** We will need the Certificate number or ECN number as reported on the Form 8965 form, and we must see it. Otherwise, we will assume you are not exempt. We must follow the IRS rules.

If your total household income is greater than the poverty guideline amount, then you will owe a penalty when your tax return is completed for each individual who is not exempt from the coverage requirement and were not covered. The penalty is the greater of up to as much as \$300, or 1% of the gross income for each individual who did not have the required insurance.

Please call us to schedule your appointment as soon as you have received all required information necessary to prepare your tax return. We are also enclosing "INFORMATION TO BRING TO YOUR TAX APPOINTMENT INTERVIEW". If you have any questions regarding this letter, please call us and we will try to return your call as soon as possible to allow you sufficient time to get your information ready prior to your appointment. If you leave a message, be sure to leave your complete name and phone number. Please note that all services other than tax preparation or bookkeeping are handled by appointment only after April 15 (such as a review of a tax letter or audit tax representation) for a separate fee.

Sincerely,

Larry R. Jaubert

Larry R. Jaubert, EA, MBA
Enrolled Agent

INFORMATION TO BRING TO YOUR TAX APPOINTMENT INTERVIEW:

1. Wage and or Pension, Social Security, or Unemployment statement — your W-2's or 1099 forms, state tax refund or other income or loss end of year statements, Gambling Income and losses (W-2 G's) (if you won, obtain loss statements from the casinos).
2. Interest, Dividend or Investment Income end of year total earnings statements — 1099's or K-1's from bank or investment firm. If you sold stocks or investments during the year, we need to know when you originally bought the investment and what you originally paid for it, if you reinvested earnings, as well as date of sale and amount you sold the investment for. The IRS will send notices of balance due as a result of neglecting to report this information without giving you credit for what you originally paid.
3. Self-employment income and expenses (please total the expenses by category types, as we charge bookkeeping fees if we need to do this), business mileage logs or totals. If office in home, we need to know the total electric, gas and insurance for year. Also, the square footage of office area and entire living area of house, as well as purchase price of house, major improvement costs, plus any repairs or maintenance for year on house.
4. Rental Income and expenses (total your receipts by types of expenses, mortgage interest, insurance, repairs, utilities, etc.).
5. Alimony paid or received during the year, including the name and social security number of recipient.
6. Purchase or sale of residential house, rental, investment, or business property. Please bring the HUD statements.
7. Medical expenses (totals by type of expenses paid by you out of pocket: Doctors, Hospitals, Clinics, Eye care, Dental, Medical Insurance (not pretax), Mileages for medical care.
8. Property tax paid. State withholdings we can obtain from your W-2. Estimated state tax paid. Last year state tax paid.
9. Charitable donations, check donations and non-cash donations such as value of clothes to Goodwill, Salvation Army, etc. Mileage for charitable purposes. You must keep receipts for your records (cancelled checks, or donation letters. Undocumented donations are not deductible.
10. College and vocational education expense for tuition and fees and supplies, student loan interest for Federal return Private tuition, uniforms, books and supplies are deductible for Louisiana state.
11. Mortgage Interest (1st, 2nd, Home Equity, Home improvement or points paid). Investment interest.
12. Work expenses (Union or Professional Dues, required work supplies, work tools, and required use of vehicle calling on clients or for other duties of your job for the employer). You may give us mileage information totals as to total business miles, commuting miles, personal miles used or an actual completed log. You must keep a completed log for at least 3 years to prove what you tell us. If claiming the actual expense we need to know whether you are buying or leasing, the purchase date and price as well as yearly totals for gas, repairs, maintenance, insurance and loan interest. We still need the mileage information. Also did you receive any reimbursements. For business meals deductions, you must have receipts that have 5 items recorded on front or back of receipt. These are the date of meal, place of meal, with whom meal was, purpose of meal, and amount spent on meal.
13. Child care expenses paid to day care providers including the provider name, telephone number, address, and tax ID number.
14. Copy of your homeowners Declaration insurance page for 2014 (not 2013 or 2015) for the Hazard Insurance because Louisiana still is giving credit for the Fair Plan Citizens Surcharge tax.
15. Social Security Card and Picture ID or Driver's License, if claiming EITC and/or Bank Products. Also Social Security Card and Birth Certificate as well as PROOF the child lived with you in 2014. IRS REQUIRES THIS.
16. Any other information in regards to income that you earned or expenses that you believe to be deductible. Please ask us about it or show us the information during your tax appointment. It is better to ask now than to get a letter from IRS in 1-2 years.

You must save all of your receipts, cancelled checks, credit card statements, and other proof of deductions you claim for a minimum of three years. Vehicle mileage logs should be completed during the year to prove the business mileage and usage of the vehicle for which vehicle expenses are claimed. PLEASE MAKE YOUR TAX APPOINTMENT EARLY.

Health Care Coverage Questionnaire

Name:

SSN:

Had health care coverage:	For the entire year	For part of the year (Less than 12 months)	No health care coverage at all	

YES ☐ NO ☐ Did anyone besides taxpayer or spouse pay for health care coverage for anyone listed above?

YES ☐ NO ☐ Did you pay for health care coverage for anyone not listed above?

If you had coverage for any part of the year:

Where was the policy obtained?

Employer / Medicare / Medicaid / Marketplace(Exchange) / Other

If you didn't have coverage part or all of the year:

Answer YES if it applies to any member of the household

YES ☐ NO ☐ Was your previous insurance policy cancelled in 2014?

YES ☐ NO ☐ Do you have an Exemption from the Marketplace (also called the Exchange)?

YES ☐ NO ☐ Was coverage offered by taxpayer's or spouse's employer?

YES ☐ NO ☐ Are you a member of a federally-recognized Indian tribe?

YES ☐ NO ☐ Are you eligible for services through an Indian health care provider?

YES ☐ NO ☐ Are you a member of a health care sharing ministry?

YES ☐ NO ☐ Did you live in the United States the entire year?

YES ☐ NO ☐ Are you enrolled in TRICARE?

YES ☐ NO ☐ Did you apply for CHIP coverage?

YES ☐ NO ☐ Do any of the following apply to you? Do NOT indicate which one.

Became homeless

Evicted in the past six months, or facing eviction or foreclosure

Received a shut-off notice from a utility company

Recently experienced domestic violence

Recently experienced the death of a close family member

Recently experienced a fire, flood, or other natural or human-caused disaster that resulted in substantial damage to your property

Filed for bankruptcy in the last six months

Incurred unreimbursed medical expenses in the last 24 months that resulted in substantial debt

Experienced unexpected increases in essential expenses due to caring for an ill, disabled, or aging family member

Health Care Coverage Questionnaire, page 2

1. If you had health insurance provided through the marketplace, you must bring in form 1095-A. The insurance company is required to send it to you. If you do not receive it by February 15, call them. We must have it in order to e-file your return, no exceptions will be made! Without this form, you will have to mail it to the IRS and processing will probably be delayed by several months. We would not be able to deduct our fees from the refund in this situation, and you would need to pay us up front.

2. Did you have health insurance from another source, and where was it from? _____.

3. If you were exempt from the requirement to have health insurance coverage for any reason other than having total family income below the federal poverty guidelines for 2014 then you must obtain an Exemption Certificate from the Marketplace on the website at <https://marketplace.cms.gov/applications-and-forms/hardship-exemption>. You will need to complete it in full and mail it in with the required documentation and wait for them to mail you an exemption certificate. **We do not complete this form, you need to do this.** We will need to see the exemption certificate to e-file your taxes because they issue a certificate number to you. As previously mentioned, we can not e-file your tax return without this information. You will have to mail it to the IRS, processing will be delayed by several months, and again you would need to pay our fees before we would give you the prepared return.

Federal Poverty Guidelines are:

<u>Household Size</u>	<u>Amount of Total Income</u>
1	11,490
2	15,510
3	19,530
4	23,550
5	27,570
6	31,590
7	39,630

4. Did an employer offer health insurance to you or a policy to cover your spouse or family? _____
Was it accepted or declined? _____ If declined, why? _____ If employer offered health insurance to you, what was the cost for Self Coverage? _____, for your Spouse? _____, for Family Coverage? _____.

5. Are your spouse or dependents insured through the marketplace? _____ If so, we need the 1095-A form for each insured person.

6. Did they have health insurance from another source? _____

7. If spouse or dependents were exempt from coverage requirements, we need the exemption certificate number. **A separate number is needed for each person.** This exemption certificate number is provided to you by the government after you apply for the exemption from coverage thru the marketplace using the form that you mail in. Print the form out and complete it and mail it to them with the requested documentation. **We do not complete this form, you need to do this.** It is available on the website at <https://marketplace.cms.gov/applications-and-forms/hardship-exemption>.

8. Did any of the dependents earn enough income to file a tax return? _____. If so please list them below and provide total income figures next to their names.