

LARRYS INCOME TAX & BOOKKEEPING SERVICE INC
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JANUARY 13, 2016
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Dear Client,

We wish each of you a Happy New Year! The IRS will begin accepting electronically filed tax returns on January 19th. We will begin seeing appointments on January 15th. This year we will be open from 9am to 7:00pm Monday thru Friday, and 9am to 4pm on Saturday.

Below is a repeat from last years letter, as many people failed to observe our requirements regarding our services. 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 9am to 7pm Mon- Fri and from 9am to 4pm 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 required forms.
- **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 you have come to expect and receive. 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 their bill. They can either be seen as a “walk-in” without an appointment (Carlos or Michelle), or drop off their 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 ask you to please read the enclosed newsletter from the tax association we belong to, National Association of Tax Professionals. **It contains important reminders regarding information and forms to bring in to your tax appointment. In addition, to that information, below are a few more items to note. Those of you who have Marketplace Health Insurance or "Obamacare" need to bring in form 1095-A.** You should receive it in the mail by February 15th. If you do not receive it, then you should call the insurance company and get them to mail it to you. Last year too many people forgot to bring the form and the IRS delayed refunds until we did amended returns once the client brought the form to us. If we have to do an amended or corrected return because you forgot to give us the form, we will have to charge you a minimum of \$150 more to correct what was previously filed.

If you or your child goes to college and you paid tuition or book expenses you will need to provide us with form 1098-T. You should also receive this form by February 15th, and if you do not then you need to call the college and obtain it. The IRS is not permitting a deduction for the American Opportunity Tax Credit without your providing this form to us. The college needs to be "qualified", as per the IRS requirements, and you need to have actually paid tuition or book expenses. The IRS is matching the tax return amounts claimed for this credit against their copy of 1098-T they receive from the school. Many schools offer form 1098-T online through the student's online portal.

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 an updated software program each year, and need it again for copying 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. Your child, 18 thru 23 years old, who is in school will continue to qualify for EIC. You must keep proof of these items for three years. A handicapped child living with you up to any age will continue to qualify for EIC if the household income is low enough. Furthermore, you should obtain rent receipts or a lease showing that you have provided housing for the children, should the IRS ask for such documentation and believe me, they do.

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. However, as mentioned above, **we must have form 1098-T from the school, if you want credit.**

Unless exempted, ACA penalties for not having health insurance are in full effect. The penalty will be the greater of \$695 per individual, or 2% of gross income. As you should be aware of by now, you were required 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 "Obamacare". 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 2015. 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 2015 federal poverty guideline for your household size. It reduced the amount of out of pocket premium costs 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 2015 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. **We need to have form 1095-A from the insurance company.**

If you did not have the required minimum health insurance coverage 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 2015 federal poverty guidelines of less than \$11,770 for a family of one, \$15,930 for a family of two, \$20,090 for a family of three, \$24,250 for a family of four, \$28,410 for a family of five, or \$32,570 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.

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 a summary of the main tax law changes for 2015. We are enclosing a few of our business cards for you to give out to friends or relatives who may be looking for a tax preparer. We appreciate your loyalty in continuing to come to us. 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

For 2015, these are the changes and items that we feel deserve your attention:

- In order to claim any of the college education credits, you must receive form 1098-T. Many schools allow you to log in through their web portal and print out this document, so please bring it with your other tax documents. IRS will match their records against what you report.
- Student loan interest can only be deducted by persons legally obligated for the student loan. This means that your name must be on the loan paperwork as an applicant, co-applicant, or guarantor.
- Mileage rates are: 57.5 cents for business; 23 cents for medical, and 14 cents for charitable.
- The maximum Earned Income Tax Credit is \$6,242 for three or more children.
- In order for non-custodial parents to claim their child as a dependent each year, they must have a signed form 8332 from the custodial parent.
- Let us know if you're repaying the Homebuyer's Tax Credit (that \$500/yr for 15 yrs).
- ABLE accounts are for people who became disabled prior to their 26th birthday. This account is similar to Roth IRA's in that it's funded with after-tax dollars and its distributions are nontaxable as long as they're used to pay for the beneficiary's living expenses (housing, medical, education, etc.). Anyone can contribute to it—up to \$14K/yr. Accounts are in beneficiary's name, so parents can ensure funds will be available for their child once they're no longer able to provide for them.
- Fees charged by IRS and Louisiana for copies of tax returns are \$50 and \$15, respectively. We only charge \$35.
- The Supreme Court decision legalizing same-sex marriages now enables them to file joint returns in all 50 states and to amend the prior three years' worth of returns, if they choose (2012-2014).
- The Louisiana Education credit was decreased to \$18 per child (from \$25) and it can not be taken in conjunction with the tuition deduction on schedule E.
- The LA Citizens credit has been reduced by 28%. You must still bring in your homeowner's insurance declaration page to enable us to calculate the credit for you.
- Louisiana's maximum solar credit has decreased to \$10,000 per household. It's also subject to a "cap" of \$10M/yr for the next couple of years, so it's granted on a "first-come, first-served" basis. Come in ASAP to file for it.
- Louisiana is very much involved in a "Vendor Payment Offset Program," which takes your refund to pay for past due taxes, child support, student loans, court costs—even *unpaid tickets!*
- If you're starting a business, Louisiana has a site to streamline registration process: geuaxbiz.com
- The topic of fraudulent tax filings, identity theft, and overall online fraud was again at the forefront in all IRS and Louisiana seminars this year.
 - IRS reminds you that they'll never contact you by email or demand immediate payment—especially via wire transfers or credit card. They also remind you to use your IP PIN on all returns you file. An IP PIN is assigned to you by IRS as a result of you being a victim of identity theft and/or having fraudulent returns filed using your info. You must have it for 2015 if you were assigned it for us to file your return.
 - Louisiana reminds you to never give out personal information via email or phone—unless you are the one who originated contact. No matter how "official" an e-mail or phone call seems, do not click on suspicious links or give your passwords, SSN's, account info, etc.
 - Both recommend a paid tax preparer who is licensed, informed, professional, honest, and willing to sign their own name as the person who prepared that return—someone like us!

Following were just extended by congress and are noted as "permanent" or "extended through 2016/2019":

- Teacher's \$250 above the line deduction—permanent
- Option to deduct sales taxes on schedule A—permanent
- Business research and development credit—permanent
- Section 179 deduction limit is \$500,000—permanent
- Bonus depreciation on business assets—extended through 2016
- Nonbusiness energy property credit—extended through 2016
- Exclusion of Cancellation of Debt income on principal residence—extended through 2016
- Ability to treat Mortgage Insurance Premiums as interest on schedule A—extended through 2016
- Bonus depreciation—extended through 2019
- Work Opportunity Credit—extended through 2019