

LARRYS INCOME TAX & BOOKKEEPING SERVICE INC

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Dear Client,

We wish each of you a prosperous and Happy New Year! The IRS will begin accepting electronic filed tax returns on Monday, January 29. We can prepare your return prior to this but it will not be accepted for filing by the IRS until then. Please be aware that for the third year in a row all tax return refunds involving earned income or childcare tax credit will be delayed by the IRS until after Wednesday, February 28th.

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 17), 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 from 9:00 to 5:00 and during tax season, the same hours as myself. Carlos, an E.A., and Michelle are fully qualified to prepare taxes, as they are both college graduates and have received extensive training.
- **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 no discounts under any circumstances.** 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 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 itemized deductions and organizing your information to prepare for your tax appointment.

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 each year 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. This includes things such 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 suffice. 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. The school should send you or the student form 1098-T reporting how much tuition was paid for the year. If you do not receive this form from them be sure to obtain it. Most colleges now provide it on the students college web site portal. Please note that this form does not include the amounts spent for books and supplies. 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 for the third year in a row 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 2017. 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 2017 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 2017 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 market-**

place or “Obamacare” 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 will delay your tax refund. If you do not have the 1095-A form you will have to call 1-800-318-2596 to talk to the Marketplace insurance representative to obtain the form prior to seeing us.

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 2017 federal poverty guidelines of less than \$12,060 for a family of one, \$16,240 for a family of two, \$20,420 for a family of three, \$24,600 for a family of four, or \$28,780 for a family of five. 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 cannot 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 2.5% of the total household income or 695 per adult and 347.50 per child if you did not have the required insurance. It is only counted for each month of no insurance coverage, or 1/12 of the annual penalty amount per month. If the cost of insurance for you and your family was above certain specified amounts and you could not afford it we may be able to legally get you waived from the penalty.

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 17th (such as a review of a tax letter or audit tax representation).

Please be aware that we are currently concerned with preparing your 2017 tax returns. If you have questions regarding changes to the tax laws taking effect in 2018, we will be available for consultation appointments after April 17th. The primary changes for 2018 are an increased standard deduction, and no itemized deductions for state income tax or **employee** business expenses. If you have had substantial employee business expenses in the past years, it may be worth your while to make a consultation appointment with us after April 17th to discuss tax planning so that you will not lose out on claiming these types of deductions. There are legal ways around it, and we will be prepared to discuss the alternatives with you after tax season. If you must know about the changes prior to April 17th, we do have information on our website pertaining to the 2018 changes.

As always, we thank you for your continued patronage, loyalty, and referrals. We have enclosed several business cards in this letter for you to distribute to friends or relatives who may be in need of professional tax preparation services.

INFORMATION TO BRING TO YOUR TAX APPOINTMENT INTERVIEW:

1. Wage and/ or Pension, Social Security, or Unemployment statement — your W-2s or 1099 forms, state tax refund or other income or loss end of year statements, Gambling Income and losses (W-2 Gs) (if you won, obtain loss statements from the casinos).
2. Interest, Dividend or Investment Income end of year total earnings statements — 1099s or K-1s 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 totaled 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 such as 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 meal 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, whom meal was with, 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 2017 (not 2016 or 2018) for the Hazard Insurance because Louisiana is still giving a 25% 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 2017. 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.