

# **BITS & PIECES OF TAX NEWS**

## **AND OTHER ITEMS OF INTEREST**

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*Adieu, Yvonne.....*Yvonne, our receptionist and client advocate for many years, is moving on to other adventures. We know that many of you will miss her, as well as everyone in this office. With her cheerful attitude, warm smile and a caring heart, it is easy to see how “she has never met a stranger”. Yvonne leaves a hole at Ada Tax Professionals no one can fill. However, we are fortunate enough to have visits from her every now and then.



### **Not so new news: The Government Needs Money**

Okay so nobody is actually shocked by this statement, right? Of course, there are two ways anyone, including governments, can find funds when financially strapped. You can either cut costs or generate more revenue. Or...shall I say there is a third option....do both.

Some **cost cutting** efforts by the federal government include: Making available an early retirement option to many of its seasoned, more expensive IRS staff. We at ATP have noticed a much longer processing time for paper returns and problem resolution. Also, the wait times to speak to a representative have increased tremendously. To save money, the Social Security Administration will no longer send out the annual earnings history statements to each of us. The statement is available online. Be sure to check each year to verify the accuracy of their records.



#### **On the revenue generating side:**

The Idaho State Tax Commission is doing a pre-refund verification which has slowed down refunds. The expected turn around is 4 – 10 weeks with electronically filed returns receiving priority attention. (Another good reason to file early.) Also, a new withholding law pertaining to Partnerships, S-Corps and Trusts goes into affect this tax year. Non-resident taxpayers could have withholding of state income taxes at the entity level.

IRS has been actively pursuing non-filers. They are also increasing their audit efforts. Some areas of emphasis include: tip reporting, online sales, small businesses, and gift taxes. One way they can cross check for compliance of gift tax returns is to compare quitclaim deeds with filed gift tax returns.

### **Identity Theft is on the Rise!**

It is very scary to think that someone could be using your very private information and making a mess out of your financial life. If this has happened, or you think it may happen, you can file form 14039 with the IRS notifying them of the problem or potential problem. They will ask you for proof of who you are when you send in the information. So, keep a copy of your valid ID in a safe place.



## Preparing for a Smooth Tax Season

We are looking at ways to serve you better while keeping our sanity. To that end we have hired Marybeth Netson, an Enrolled Agent, to work part-time preparing, processing and reviewing returns. We are confident she will be an invaluable team member and help make this a smooth, productive tax season. There are ways you can help, too.

1. Make your appointment early. Even if you are missing a report or two, let us get started on what you already have so that the return can be finished as soon as you receive that last bit of information.
2. Need to complete a FAFSA form for yourself or your child? The tax return needs to be completed in order to accurately fill in the form. Check with the college for their deadlines.
3. Pickup your tax return ASAP after it is completed. In the event there is a problem with it, it can be resolved before the pressure is on. An additional plus to you– any tax refund will find your bank account sooner.

## IRS Form 1099-K

In an effort to make sure that all income is being reported by businesses and individuals, the IRS has come out with a new reporting form. The 1099-K will affect anyone who receives payments via a merchant account, including PayPal, ProPay, etc. This form is not something to be afraid of...right?? Because we always report all our income! When you have had 200 transactions or more and have \$20,000 from your merchant account in one year, the company handling these transactions will supply you with this new reporting form. Be sure to bring it in to us!

## Written Permission Required

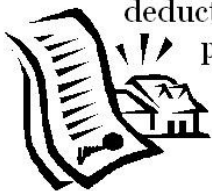
A disclosure authorization is a statement that allows us to release your information

to a third party. In the following examples we would need a disclosure authorization: When someone else picks up the tax return. When a return is faxed to someone besides you. When we discuss your tax situation with another party. While it may seem like a pain to have to sign the form before we can take care of such matters, your privacy is our business!



## Home Equity Loans

Acquisition debt is a financial obligation incurred through the construction, improvement or purchase of a primary or secondary residence. Why is this definition important? Many times, homeowners use the equity in their home for other reasons, such as: paying on college, car loans or consumer debt. While in most cases the mortgage interest paid on these items is tax deductible, in some cases it may not be. Besides the interest deductibility issues, a problem can arise from non-acquisition debt if there is cancellation of debt income due to a short-sale or foreclosure. So, what exactly is the bottom line in all this? **KEEP TRACK** of all home equity funds that are used for any purpose other than to substantially improve your home.



## THE BULLETIN BOARD

### Business Reminder:

If you paid for services or rent in the amount of \$600 or more during the year, you have an obligation to report that amount to IRS on Form 1099- Miscellaneous. This is true regardless if the party is a sole proprietor, partnership or LLC. Form 1099-Misc are not required for services from corporations. This year you are required to report your compliance on the business tax returns.

We can't wait to see you again!  
Did you know we have some evening and weekend appointment times available? As these appointments are limited, if you can schedule a visit during the day, it would be greatly appreciated.

We can print and efile Form 1099-Misc. for you! Call for details.

### Mileage Rates for 2011

Split year	Jan-June	July-Dec
Business	.51	.55½
Medical/Moving	.19	.23½
Charitable	.14	.14

### Mileage Rates for 2012

Business	.55½
Medical/Moving	.23
Charitable	.14

Are you one of our many "out of area" clients? We sure love your faithfulness to us. Be sure that you keep a copy of all the documents you send to us just in case there is a problem with the mail.

Tax professionals are always concerned about your privacy!  
To serve you better, Ada Tax Professionals now has Encrypted email.

When you refer a friend to us, let them know they can check us out at [www.adataxpros.com](http://www.adataxpros.com). As a bonus, once they see us, you will receive a \$20 voucher toward any of our services.

## ATP: Holding the Line on Prices and Policies

As most of you know ATP charges by the form for tax return preparation. It is our desire to keep prices steady: yet, several forms have changed (ie Sch D and Form 39) requiring more work. This will in turn require price increases for these forms.

Since, some of our long-time policies have been abused, costing us much time and money, we will be strictly enforcing the following policies from here on out. As happens often in our society, the misdeeds of the few reflect the policy towards all.

1. The return preparation fee **must** be paid at the time the tax return is picked up. We accept cash, check and debit.
2. If your check bounces we will charge an additional fee of \$30.
3. Completed tax returns not picked up by April 17 will start accruing interest at 1.5% starting April 18. Any returns completed after the tax season will start accruing interest 2 weeks from notification the return is available to be picked up.
4. Extensions requests will require a \$150 deposit. (In addition to the regular tax preparation fee, we charge \$20 for the extension service plus time charges for any estimates to determine the tax payment due.)

## SPOTLIGHT..... on Meg!

This newsletter's spotlight is on our new receptionist, Meg Berndt. Meg was born and raised on a small farm in beautiful Sonoma County, California. After high school, she went to USMA WestPoint on a volleyball scholarship. She returned home and attended the Santa Rosa Junior College and finally graduated in 2009 from Humboldt State University with a BS in Accounting. She moved to Caldwell at the beginning of December with her best friend Angie and their two border collies – Maverick and Goose. She dearly misses her family and friends in CA but is very excited about her new adventure and future here in Idaho.

In her free time, Meg can be found playing volleyball, basketball, horseback riding, camping, playing catch with her dogs at the lake, or taking it easy watching some of her favorite movies like Hitman, Top Gun and Dirty Dancing. She is a devoted Golden State Warriors' fan (even in the re-building years – which most of them are) and has recently adopted ice hockey as a new favorite sport – GO STEELHEADS!

What does Meg want for her future here at Ada tax Professionals you ask? She would like to achieve her EA status and be just like Elke, Miri, and Robin. She very much enjoys the experience, enthusiasm, knowledge, and patience these ladies bring to their work every day. So give Meg a call and set up your tax appointment today.

Some of Meg's favorite tax quotes:

"You must pay taxes. But there's no law that says you gotta leave a tip."

"If you are truly serious about preparing your child for the future, don't teach him to subtract - teach him to deduct."

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