



## **NOLAN | GIERE**

**CERTIFIED PUBLIC ACCOUNTANTS**

### **Schedule your midyear tax planning session**

Most people do not include tax planning on their summertime agenda, but maybe they should. The problem with waiting until the end of the year is that you reduce the time for planning strategies to take effect. If you take the time now to schedule a midyear tax planning review, you will still have seven months for your actions to make a difference on your 2017 tax return. In addition, proposed tax reform could be cause for additional changes to your tax plan. Planning now for 2017 taxes not only helps reduce your tax burden, but it can help you gain control of your entire financial situation. Give us a call to set up an appointment today.

### **What to do if you are selected for a correspondence audit**

The IRS is now handling many routine audit reviews through form letters called correspondence audits. These letters come from the IRS and ask for clarification and justification of specific deductions on your tax return. Common issues that trigger a correspondence audit are large charitable deductions, withdrawals from retirement accounts and education savings plans, excess miscellaneous deductions, and small business expenses.

Do not panic if you get one of these audit form letters. The IRS often uses computer programs to compare individual return deductions with the averages for a person's income level or profession. If you have received a letter, you may have simply fallen outside the averages. As long as you respond promptly, thoroughly, and with good documentation, it won't necessarily become a contentious issue. The key is to keep proper, well-organized documentation under the assumption you may need it to support your deductions. If you do this right, the correspondence audit will end with a "no change" letter from the IRS, acknowledging you have addressed their concerns. Give us a call if you receive one of these letters from the IRS. We are here to help.

### **IRS is now using collection agencies**

The IRS is now using outside collection agencies to collect unpaid tax obligations. This new program will start slowly with only a few hundred taxpayers receiving mailings. The number will grow into the thousands later in the spring and into summer. Taxpayers who are contacted will first receive several collection notices from the IRS before their accounts are turned over to the private collection agencies. The agency will then send its own letter to the taxpayer informing them that the IRS has transferred the account to the agency. These agencies are required to identify themselves as working with the IRS in all communications.

Unfortunately, a change like this can often lead to confusion among taxpayers, which gives scammers a new opportunity to steal taxpayer dollars. The IRS is aware of the potential fraud problems and plans to continue to help taxpayers avoid confusion. The IRS reminds taxpayers that private collection companies, like the IRS, will never approach taxpayers in a threatening way; pressure taxpayers for immediate payment; request credit card information; or request payments in gift cards, prepaid debit cards, or a wire transfer. A legitimate letter from a collection agency associated with the IRS will instruct taxpayers to write a check directly to the IRS.

# Perspective

## An Inside View

Dear Clients and Friends:

Once again the calendar has rolled around to spring and another Ohio winter is behind us. Outdoor activities are once again common place with longer days and warm sunshine. Graduations, weddings, and family reunions fill our calendars and the fragrance of wild flowers and new-mown grass fills the air. It is a great time of year.



**Tom Giere**

As I write this column, another tax filing season is also behind us and a big sigh of relief can be heard in our office. It is a hectic time for us of course but it is also a time when we get to meet with many of you, something that we very much enjoy. Meeting and working closely with you, our clients, is rewarding, challenging at times, and always very interesting. Thank you for the opportunity.

During the tax filing season, we had the opportunity to work with many clients new to our firm. Many of those new clients were referred by other clients. Thank you for that as well. If you know someone that might benefit by working with our firm, please let us know or send them our way. We view referrals as the highest compliment.

The spring and summer months mark the beginning of a time of study for us. Servicing our clients is a year-round process but the busiest time has now ended. So, we will use the next several months to embrace one of the core values of our profession, continuing education and life-long learning. We value education and continuously aspire to expand our skills and to acquire knowledge. As CPAs, we are required to complete 120 hours of qualified continuing education every three years to maintain the CPA designation. At Nolan, Giere however, we are committed to continuing education beyond the certification requirement. Increasing our knowledge and skills will help us to better serve you, our clients, and improve your chances for success.

So, as we head to the class room to sharpen our skills and to keep abreast of the many changes that confront our profession, we would like to once again say thank you for the opportunity to serve you and to wish you an enjoyable summer!

Sincerely,

*Tom*

## Everyone knows someone who missed the boat

This year's April 18 tax deadline has come and gone, but not everyone has filed a 2016 tax return. While many have filed an extension and intend on getting their return in order, too many taxpayers who should file, simply do not. Common culprits are older, retired parents and young adults who are new to tax filing requirements.

Here are some of the reasons why it will help them to file a tax return.

**Get withholdings.** People who work but earn less than the required filing threshold should file a tax return so they can get back any withholdings their employer may have taken out of their paycheck.

This happens because many taxpayers focus on the income threshold required to file a tax return and forget to look at their W-2 to see if money was taken out of their paycheck. The single individual filing threshold for 2016 is \$10,350 and the married filing jointly threshold is \$20,700.

**Get refundable credits.** There are a number of refundable or partially refundable tax credits, such as the earned income tax credit and the additional child tax credit, that are only available if you file a tax return. Refundable credits are special because they come off the top of your tax bill and can even reduce it below zero. In that case you'd get the amount of the credit back in a refund check from the IRS.

**Help apply for loans or financial aid.** Many banks or colleges will ask to see your tax return information to help you qualify for loans or financial aid. Filing a tax return, even if you are not required to, will help support your application.

**Protect yourself.** There is a disturbing trend of identity thieves filing false returns to try to collect illicit refunds from the IRS. They often target people who may not usually file a return. By filing even a simple return, you can shut down this attempt at fraud by identity thieves.

You may know someone who has not filed and who needs help doing so. If so, feel free to pass on this article and suggest they get in touch for a consultation.

# Business Solutions

## Get organized and improve your business

The art of placing information in a logical order, more prosaically called organization, is key to the efficiency of your business, which can in turn increase productivity. Fortunately, you can master the art of organization by making habits out of simple techniques. Here are suggestions.

*Organize your tax records.* Create a filing system to collect the documentation needed to take advantage of tax breaks, such as credits for hiring certain workers and accelerated depreciation methods for business assets. For example, for asset purchases, retain receipts, and make sure the details include the type of equipment, the date and amount of the purchase, the date you began using the equipment, and a schedule of additional related costs, such as set-up costs, that might be eligible for capitalizing. For ordinary deductible business expenses, such as car expenses, travel costs, professional magazines, meeting and association fees, and seminar and training expenses, establish an electronic or paper filing system to store receipts.

*Organize your electronic records.* Is your email cluttered with so many messages you do not know where to look for what you need? Aim to make your inbox hold only the current day's emails. Delete non-critical emails. Electronically sort critical messages into folders to eliminate time-wasting searches. To reduce the daily deluge, cancel automatic messages that are no longer useful.

*Organize your paper records.* Are your file cabinets – the ones that hold real paper – stuffed to overflowing? Review and shred outdated documents. If the information might be needed later, scan it into computer files. Consider using document management software. Organize your desk by shredding documents with sensitive information and scanning older papers into computer files. The most efficient method is to scan, file, and shred as soon as you are finished with a document. If you do not have time, consider assigning document organization to specific employees and making it a task to be completed on a daily basis.

*Organize your future.* Address succession planning for your critical employees well before a crisis occurs. Document daily responsibilities, skills needed to complete essential tasks, and the location of all paper and electronic files. Appoint and cross-train backup staff.

You are already busy, and you may believe that organizing your records will take more time than you have. But think about why you feel as though your day is overloaded. Is one reason because you are spending your efforts searching through a disorganized office? In that case, mastering the art of organization may save you not only time, but money as well. Contact us for more suggestions.

## Current tax law requires health insurance

During his first week in office, President Trump signed an executive order asking federal agencies to reduce the economic burden the *Patient Protection and Affordable Care Act* (ACA) puts on American citizens.

Unfortunately, this executive order is causing confusion. Many people are left wondering if fines will no longer be imposed or rules no longer need to be followed. Until the agencies impacted by this executive order publish their intent, act as though current laws are still in play. This includes:

- The requirement to have health insurance
- The requirement to pay a shared responsibility tax if you do not have continuous health insurance coverage
- The ability to receive a health insurance premium credit if you qualify
- Possible health insurance credits for qualifying small businesses

It is important to realize that unless tax laws actually change, you are expected to follow the laws as they are currently written.

## IRS interest rates remain the same for second quarter 2017

Interest rates charged by the IRS on underpaid taxes and applied by the IRS on tax overpayments will remain the same for the second quarter of 2017 (April 1 through June 30). Therefore, the rates will be as follows for individuals and corporations:

### For individuals:

- 4% charged on underpayments; 4% paid on overpayments.

### For corporations:

- 4% charged on underpayments; 3% paid on overpayments.
- 6% charged on large corporate underpayments.
- 1.5% paid on the portion of a corporate overpayment exceeding \$10,000.

## Springtime remodeling – know the tax impacts

Spring fever often influences homeowners to update and remodel. Maybe you are considering a new project, too. You may need to replace your deck or remodel your kitchen. If you have a remodeling project coming up, you should understand the tax consequences.

If your project qualifies as an improvement to your home, you will enjoy some tax benefits. But if the project is a repair, there is generally no tax benefit. Unfortunately, it is not always easy to tell the difference.

An improvement is defined by the IRS as something that adds value to your home or extends its life. Putting in a new kitchen, building an extension or adding a new deck are considered improvements because they add value. Replacing the roof is an improvement because it extends the life of your home.

On the other hand, a repair merely keeps the home in good working order. Examples of repairs include painting the interior or exterior or replacing a few missing shingles.

You can get tax benefits by adding the cost of your home improvements to your original cost basis. That is the amount you first paid for the home. When you sell, a higher cost basis means a smaller capital gain. And generally you will only pay tax on a capital gain greater than \$500,000 (\$250,000 for singles). So, the smaller your capital gain, the less likely you are to owe tax when you sell.

That is why it is important to save bills and receipts for any projects that may qualify as improvements. Include notes that describe the related home improvement. You may need to keep these receipts for years until you sell your home. But when you do, these updates could be the key to reducing a possible tax bill.

If you want to know whether your project is a repair or an improvement, please call our office.

## Firm Highlights

The Taste of Tipp Expo was a success. We met a lot of local businesses and residents, while catching up with clients and other business relationships.



What a great day to be a part of the Troy Chamber of Commerce Golf Outing at Troy Country Club.



  
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