



Sauppé Tax News

Brought to you by
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Identity Theft

Special points of interest:

- ID Theft and Scams
- Retirement Issues
- City Taxes

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The issue of identity theft continues to be a major problem for US taxpayers. According to the Statistic Brain Research Institute, over 12 million people were the victim of ID theft last year which represents 7.5% of the US households. The total financial loss attributed to ID theft in 2014 was over \$26 billion (yes, billion not million).

ID theft encompasses more than tax ID theft but that is the issue we will deal with here. Our office does everything in its power to protect your data (see related article on page 3), but as you have seen in the papers, even the IRS is not immune from hackers. There is often no way to know how the ID thieves got your personal information. Often the first indication that you have been a victim of tax ID theft is when your return is electronically filed but then rejected because one of the social security numbers on the return has already been used for filing. This could be the primary taxpayer, the spouse, or even one of the dependents. This rejection could potentially hold up your refund for months. As we have stated in the past, one way to help yourself avoid this problem is to owe the IRS

money when your return is filed (or at least only get a small refund). The IRS never has trouble collecting money from taxpayers,

Keep in mind that you can't owe the IRS too much, but if your balance is under \$1,000 you will not be subject to late payment penalties.

If you or one of your household members does become a victim of ID theft (tax or otherwise), here are some steps to follow:

1. File a report with law enforcement.
2. Place a fraud alert on your credit report. You may also want to place a credit freeze. You should also close any accounts on your report that were not opened by you
3. Report your ID theft to the FTC at <https://www.ftccomplaintassistant.gov/#crnt&panel1-1> or call them at 877-438-4338. Be sure to save a copy of your affidavit before you leave the site as you will not be able to get it later.

If you are the victim of tax ID theft, also do the following.

1. Respond immediately to any IRS notice (but see the article on page 3 regarding phone scams supposedly from the IRS).

2. You may need to file your return by paper and will need to include Form 14039 with your return (our office can help you with this step).
3. If you believe someone may have used your social security number for work, review your social security work history at socialsecurity.gov/myaccount or contact your local SSA office.

Once the IRS has confirmed that you have been the victim of tax ID theft, they should issue you an Identity Protection (IP) Pin. This number must be included on your tax return when it is filed. You should receive a new IP Pin each December. Be sure to provide our office with this Pin number along with your other tax documents.

We will certainly assist you in any way we can when you are the victim of tax ID theft, but based on current regulations we cannot contact the IRS to find out any information on the fraudulent return. We can only assist you with filing your return and getting your refund (though again this may take months).

More detailed information can be found at our website under the What's New Tab under Miscellaneous.

Saving For Retirement

You probably hear this every day. Americans are not saving enough for retirement and/or social security will not be there when you retire. Well there is nothing you can do directly about the latter – either it will be or it won't be. But making sure you save enough for retirement even without social security benefits IS within your control.

Of course, how much is enough? No one has a magic bullet number of what must be saved for retirement. It depends on so many factors that are unknown when you are still working. How long will you live, how healthy or unhealthy will you be in retirement, and what would you like to do in retirement are just a few of the questions.

No matter what your age, though, you should start saving for retirement NOW. The first option to explore is if your employer offers a 401k, 403b, or some other similar employer retirement plan. At a minimum you should make a contribution high enough to be eligible for the full company match if there is one. You should also look at your cash flow to see if you can increase this amount. Putting in a few extra dollars when you are young can have a major impact on your total dollars available when you retire. And when you get a raise, instead of increasing your spending, increase your retirement contribution. Look on it as spending on yourself and a great retirement. For 2015, you may be eligible to contribute up to \$18,000 to a 401k and if you are over age 50, you can contribute an additional \$6,000.

If you are self-employed, you may be eligible for a SEP IRA, a Simple IRA, or even a solo 401k. Each plan has limits on the amounts that can be contributed, and rules that must be followed, but your financial planner or our office can discuss these with you if you are interested.

If you have any earned income, or your spouse has earned income, you may also be eligible for a Traditional IRA and/or a Roth IRA. Again, there are various rules that must be met for these plans, so be sure to discuss this fully with either your financial planner or this office. If you do contribute to a retirement plan outside of a company retirement plan, be sure to provide this office with all pertinent details before we prepare your return as you may be eligible for some tax benefits on your contributions. Any contributions to a company retirement plan should already be noted on your W2 so no additional paperwork would be required.

Life Changes

If you have experienced any of the life changes listed below, please be sure to provide this office with all the pertinent details so we can determine the tax implications of these changes.

1. Started or finished post secondary education
2. Obtained a new job
3. Moved
4. Married
5. Divorced
6. Birth of a new child
7. Death of Immediate Family Member
8. Retired
9. Bought or sold real estate
10. Filed Bankruptcy
11. Received an Inheritance

Withdrawing Retirement Funds

Have you reached one of those magic 1/2 birthdays—either 59 1/2 or 70 1/2? If so, you need to be sure you are following all the rules. Once you hit 59 1/2, you MAY begin to withdraw money from your retirement accounts without facing any penalties. However, this income may be subject to income tax depending on its source so be sure to do a projection on the tax cost to taking the money now.

If you are now 70 1/2, you MUST begin taking distributions from your retirement accounts. The one exception to this are any Roth IRAs you may own. The IRS has prepared tables to help you determine how much you must withdraw. Here is an example. Let's say you were born on 2/1/45. That means you turned 70 on 2/1/15 and turned 70 1/2 on 8/1/15. Based on the IRS Uniform Lifetime Table, you are REQUIRED to withdraw an amount equal to 1/27.4 of your total retirement money (except Roths). Let's say you had \$300,000 in a company 401k and \$100,000 in a traditional IRA (these represent the balances in the account as of 12/31/14). You need to withdraw \$14,598.54 or more no later than 12/31/15. This withdrawal can come all from the IRA, all from the 401k, or from a combination of the two as long as at least this much is withdrawn. Again this is more than likely taxable income to you (unless there are non-deductible contributions in the accounts) so plan your taxes accordingly, but there is no penalty for this withdrawal.

If you fail to take a distribution when due, the IRS can impose a penalty of 50% of the amount that should have been withdrawn. So in our example, the IRS can hit you with a penalty of almost \$7,300.

Your broker or the financial institution that holds your retirement accounts should send you a notice each year indicating if you are required to take a distribution. Be sure to watch for these notices if you are near 70 1/2 and be sure to contact your broker or financial institution in time to get the withdrawal made for the year required.

Once you have reached that 70 1/2 milestone, you must take the required minimum distributions (referred to as RMDs) each and every year. The actual amount to be withdrawn will have to be re-determined each year based on the account value(s) as of the preceding year and the new divisor factor from the IRS tables.



"IRS" Phone Scams

Any of us may be the victim of the supposed IRS caller scam. Just this past year, we received calls from a number of clients who were contacted by someone claiming to be with the Treasury Department and demanding payment for past due taxes immediately or face jail time. Even this office received a phone message to this effect.

Please do NOT respond in any way to these calls. If you get such a call, please hang up immediately. Do not engage the caller in conversation as you never know what information you could accidentally disclose while talking.

It is highly unlikely that the first time you are aware of a tax issue is by a phone call demanding immediate payment. First, the IRS NEVER contacts taxpayers by phone or by email to ask for payment. They send letters (and letters and letters and letters). Of course, there is always the chance that these letters were misplaced in the mail, but the odds of all of them going missing is pretty rare. And unless you have signed a Power of Attorney Form (2848) on file with the IRS, they would not have sent copies of these letters to our office.

If you have any concerns that you might have a legitimate tax balance due, please call the IRS at 800-829-1040. Again, please be aware that unless we have a signed 2848 form for you on file with the IRS, they will not disclose any information to this office, so for speedier results you should call directly.

Protecting your Data

Identity theft is becoming a very big problem today. We thought you should know that we do everything in our power to protect the financial data that you send to us. Because we are considered a "financial institution" as defined by the Gramm-Leach-Bliley Financial Modernization Act, we are required to follow the Safeguards Rule as outlined in that act. More detailed information regarding our steps to protect your privacy can be found on the back of the tax return cover included with your tax return each year. You will also find a suggested retention list there as well.

Because of the inherent risk in sending financial documents containing personal data as an attachment to an email, we will never send sensitive documents to you in this way. You may send documents to us this way if you wish, but we do NOT recommend it as we cannot be responsible for any hackers who may intercept the email.

If you prefer to send your documents electronically (as opposed to using the US Postal Service, Fedex, or UPS), we encourage you to scan all your documents into one folder and then use a cloud service such as Dropbox. Once you have put the folder into your own Dropbox account, you simply have to say you want to share the folder and Dropbox will assist you with sending an email to our office which provides a secure link. We will only be able to access the folder you have linked with us. We will not be able to see any other items you have in your Dropbox account. When sending the email with the link, please use our email address of admin@sauppeta.com.

Please be aware also that we cannot send your documents to anyone other than yourself or your spouse, and only to the address on file. If you wish your documents to be shared with some other person or entity (with a mortgage broker perhaps), you must complete a disclosure notice (our office will provide you with one or you can download it from our website) before the documents can be released. The only exception to this is if we receive a court order to release your documents to a third party.



Virtual Currency

Many of you may have heard the term Bitcoin. This is one of the widely known forms of virtual currency. Virtual currency is an unregulated form of digital money. It is not issued by a central bank and has no backing of any particular government (as opposed to fiat money). Virtual currency has actually been around since 1887 when free Coca Cola coupons were distributed. These coupons, and all others like it, were not legal tender but could be used in the place of money at institutions that accepted them. The limitation here is that a coupon for Coca Cola can not be used to purchase cereal.

Bitcoin, however, can be used to make payments for all kinds of physical goods and services, which makes it digital cryptocurrency. Why are we talking about this in a tax newsletter? Because Bitcoin and other digital cryptocurrency have tax ramifications.

The IRS has stated that virtual currency is treated as property for US federal tax purposes, and tax principles that apply to property transactions apply to virtual currency transactions. Therefore, if a person is paid for services in bitcoin, that person must determine the value of the bitcoin as of that date and declare that as income. If the person later sells the bitcoin for more or less than the amount first determined, the seller will have a gain or loss to report on the transaction.

If you are involved with a transaction which includes virtual currency, please contact this office as soon as possible to discuss your responsibilities for reporting this transaction.



2014 FEDERAL SPENDING VERSUS TAX DOLLARS COLLECTED

We thought you might be interested in seeing where your federal tax dollars come from and where they go. The chart shown here depicts both the total dollars collected and spent per state as well as the dollars collected and spent per person in the state. Interesting reading, don't you think?

FSA versus HSA

Question #16 on our 2015 questionnaire has to do with distributions made from a Health Savings Account (HSA). It is important to realize that HSAs are NOT the same as Flexible Spending Accounts (FSA). With an FSA, your employer requires you to state a dollar amount before the start of the year to be set aside from your paycheck. This set amount can be used to pay medical bills you may incur during the year for yourself or your dependents. This is similar to HSAs but there are two major differences.

1. An FSA has a use it or lose it component. If you set aside the money but don't have enough medical bills to cover the set aside, you will forfeit any money left in the account at the end of the year. Some employers may allow a carryover of \$500 and other employers may allow a grace period of 2 1/2 months after year end to submit bills.
2. An HSA does allow the funds to be carried over indefinitely but MUST be combined with a high deductible health plan (HDHP). You are not eligible for an HSA if you are not covered by a HDHP.

Question #16 should only be answered by those of you with an HSA. If you made a contribution or took a distribution from an HSA you should receive documents to support this. Usually no documents other than your W2 are received for either an FSA contribution or distribution.

STATE	TOTAL DOLLARS			DOLLARS PER CAPITA		
	REVENUE	SPENDING	NET	REVENUE	SPENDING	NET
Alabama	23,789	61,808	-38,018	4,906	12,745	-7,840
Alaska	5,449	7,498	-2,049	7,396	10,178	-2,782
Arizona	40,530	58,731	-18,201	6,021	8,725	-2,704
Arkansas	30,729	20,453	10,276	10,359	6,895	3,464
California	369,193	248,251	120,942	9,515	6,398	3,117
Colorado	52,003	35,650	16,353	9,710	6,656	3,053
Connecticut	57,697	65,028	-7,330	16,042	18,080	-2,038
Delaware	19,040	6,106	12,934	20,350	6,526	13,824
District of Columbia	26,433	26,372	60	40,117	40,025	91
Florida	154,353	150,038	4,315	7,759	7,542	217
Georgia	79,566	55,438	24,127	7,880	5,490	2,389
Hawaii	7,723	10,714	-2,991	5,440	7,548	-2,107
Idaho	9,224	10,926	-1,702	5,643	6,685	-1,042
Illinois	148,332	70,137	78,195	11,516	5,445	6,071
Indiana	54,607	106,582	-51,975	8,278	16,156	-7,879
Iowa	22,309	19,440	2,869	7,180	6,257	923
Kansas	25,897	14,737	11,160	8,918	5,075	3,843
Kentucky	30,128	71,528	-41,400	6,826	16,207	-9,380
Louisiana	43,023	29,411	13,612	9,253	6,325	2,928
Maine	6,902	10,556	-3,654	5,189	7,936	-2,747
Maryland	59,614	62,426	-2,813	9,975	10,445	-471
Massachusetts	100,161	68,067	32,094	14,849	10,091	4,758
Michigan	71,184	69,070	2,114	7,183	6,970	213
Minnesota	96,227	59,217	37,010	17,633	10,851	6,782
Mississippi	11,011	21,877	-10,866	3,678	7,307	-3,629
Missouri	61,512	44,575	16,937	10,144	7,351	2,793
Montana	5,338	7,269	-1,931	5,215	7,101	-1,886
Nebraska	23,885	11,329	12,556	12,695	6,021	6,673
Nevada	16,579	14,629	1,949	5,839	5,153	687
New Hampshire	11,044	8,517	2,527	8,324	6,419	1,904
New Jersey	134,870	55,994	78,876	15,089	6,265	8,825
New Mexico	8,758	21,215	-12,456	4,200	10,172	-5,973
New York	250,618	146,029	104,589	12,692	7,395	5,297
North Carolina	72,472	59,910	12,561	7,288	6,025	1,263
North Dakota	7,585	56,972	-49,386	10,257	77,043	-66,785
Ohio	129,901	73,434	56,467	11,204	6,334	4,870
Oklahoma	32,611	25,358	7,253	8,409	6,539	1,870
Oregon	28,409	28,488	-79	7,156	7,176	-20
Pennsylvania	126,374	181,911	-55,537	9,883	14,226	-4,343
Rhode Island	13,888	8,376	5,512	13,162	7,938	5,224
South Carolina	22,242	73,087	-50,845	4,603	15,124	-10,522
South Dakota	6,734	6,039	695	7,892	7,078	814
Tennessee	56,937	72,706	-15,770	8,693	11,101	-2,408
Texas	265,336	147,380	117,956	9,843	5,467	4,376
Utah	18,389	13,465	4,925	6,249	4,575	1,673
Vermont	4,325	4,688	-364	6,902	7,482	-580

Good News/Bad News from the IRS

Just as with most items in life, there is good news mixed with bad news. The good news from the IRS is that audit rates continue to decline. The audit rate for all returns in 2012 was 1.03%. The audit rate for all returns in 2014 was 0.86%.

The bad news is that hold times on IRS phone lines have been abysmal. In fact, the IRS hung up on 8.8 million callers when the phone lines were overloaded and the IRS therefore performed a "courtesy disconnect" (Yes, I know it should be called a discourtesy disconnect but I didn't name it.) This is a 1,500% increase from the year before when only 544,000 people experienced this disconnect.

The service did not improve for tax practitioners (this office and other tax preparers) who have a separate



phone number to call the IRS as only 45% of the calls were answered with an average wait time of 45 minutes, and many wait times measured in hours.

Options for Paying Taxes

None of us wants to pay taxes. However sometimes we do experience a balance due on our returns (and that may be a good idea—see the article about ID theft on page 1). If you do have a balance due and file your return electronically with us, we will automatically set up your payment to be deducted from your bank account on the return due date. The only things you have to do is be sure we have accurate bank information on file, and have the funds in the account on that date. If you do not want to pay your taxes this way, you must notify us in writing before we complete your return. You will then be responsible for making the payment either by writing a check and mailing it to the IRS, go to IRS.gov/DirectPay to set up the payment, go to EFTPS to set up your payment, pay by credit card, or apply for an installment agreement.

If you are paying by check (and this includes not only balances due on the returns, but estimated tax payments), be sure to clearly mark the federal ID number for the taxpayer and the year involved. If you notify us before the return is completed that you wish to pay by check, we will include a voucher that can be sent with the check to that the IRS identifies the payment properly.

If you use the direct pay or EFTPS there will be no charge for this service though you must pre-register with EFTPS.

If you use a credit card, there will be a convenience fee added on to the tax due amount.

If you request an Installment Agreement, Form 9465 must be completed and the IRS will charge a fee for this service which can be as high as \$120. If the IRS accepts your installment agreement, you will be expected to make monthly payments until the balance due is paid off. Interest and penalties will still apply.



City Taxes

For those of us living in a city that imposes a city tax, we have to face the challenge of a third tax return (and possibly a fourth) in addition to the federal and the state. Just as the rules are different for federal and state, so too can each city have their own rules and regulations. Those of us living in Ohio are very familiar with city taxes. In fact, of the approximately 1,500 municipalities in the US with a city income tax, over half are in Ohio.

In Ohio, each city has its own tax rate usually ranging from 0.5% to 3.0% of earned income. Cities do not usually tax unearned income such as dividends, interest, or pensions. To complicate matters further, each city allows a different credit for the tax you may have already paid where you work. Yes, you can owe two city taxes—one where you work and one where you live. And if you have moved and changed jobs during the year, the number of returns can increase exponentially.

Let's say you work in a city that has a 2% tax rate. Your employer should be

withholding 2% from your paycheck and showing this amount on your W2 at the end of the year. The city where live also has a tax rate of 2% so you would think that you do not owe any additional tax. However, you must look at the tax credit allowed by your residence city. If that city only allows a portion, such as 75% of the tax withheld up to 2%, you will owe your residence city some additional tax, which in this case is 0.5%. And the situation can get worse if your residence city only allows a partial credit for a percentage less than you had withheld. Here is an example of this. You work in a city that withholds 1%. Your residence city has a rate of 3%. You would think you would owe 2% more to your residence city. But if the residence city only allows a credit of 1/10 of 1%, you actually owe your residence city 2.9% for a total city tax of almost 4%.

If your employer did withhold the correct amount, you do not have to file a city tax return for the city where you worked, but you must file for the city where you live. Also, if you did not have the correct withholding from your work city income, or you have other earned income that was not withheld, you will be required to file a return for that city as well.

Keep in mind that the city tax cannot simply be paid at the end of the year when the city return or returns are prepared. Cities usually impose a late payment penalty if estimated city taxes are not paid when it is reasonable to assume there will be a tax balance on the return. Every city has their own threshold for when estimated city taxes must be paid. This office will thoroughly review your city tax situation and include an estimate on your city returns if it is required. However, unlike federal and state estimates, we do not prepare the other three estimated payment vouchers. The city or its agent (Central Collection Agency or Regional Income Tax Agency to name two big ones in Ohio) will send out bills every three to four months requesting the next installment. Failure to make these payments in a timely fashion can subject you to late payment penalties.

Other points to consider regarding city tax is the fact that the tax can be imposed on children as young as 16 (though some cities wait until age 18), and that some cities also tax gambling winnings and other forms of compensation. If you have any doubts about whether something is subject to city tax, please provide this office with all pertinent details.



***Specializing in personal
and small business taxes***



Ohio ID Quiz

Many of you were required to take the new (in 2015) Ohio Identity Quiz. This was a program set up by the State of Ohio to attempt to limit tax identity fraud. If you were selected for this checkpoint, you received a letter from Ohio requesting you to go to a website and complete a four question quiz that only you should be able to answer. The letter gave you a web address to use to start the quiz. Of course, there is nothing to stop crooks from sending out phony letters. If you are unsure if your letter is legitimate, you can simply go to www.tax.ohio.gov and click on the link for the ID quiz, or you can call Ohio at 800-282-1780. Please be aware that our office cannot complete the quiz for you and cannot state whether the letter is legitimate or not as we have no way of knowing whom Ohio selected for this quiz.

1. If you made purchases from online retailers that did not charge sales tax (and you would have been charged sales tax if you bought that same item at a local store), you **MUST** pay use tax on this purchase. Be sure to accurately complete Question #3 on the annual newsletter.
2. You **MUST** have the proper documentation (see page 8 of this year's newsletter or page 2 of the 2014 newsletter for a more detailed explanation) for all charitable donations (monetary and non-monetary) that you wish to utilize on your 2015 return. You **MUST** also fully complete the charitable donation recap found on page 8.
3. If your medical expenses will exceed 10% of your adjusted gross income (7.5% for those 65 and older) please prepare a list of items spent on medical care. Don't forget to include any long term care insurance premiums paid, and list all medical miles driven on the auto mileage log on our annual questionnaire. Also note that if any of the medical expenses you paid were covered by either a Flexible Spending Account or a Health Savings Account, these expenses cannot be used when calculating medical expenses for the year.
4. Be sure to include any 1095 forms you received regarding your health insurance coverage.

As a result of the passage of the short-term highway funding extension bill (H.R. 3236), changes have been made to the due dates of certain tax returns. (Yes, I know what does highway funding have to do with taxes?) These changes are effective for tax years beginning after December 31, 2015 so for calendar year taxpayers this won't take effect until you file your 2016 return in 2017.

C Corporations (1120) will now be due on April 15th instead of March 15th

Form 3520-A (also known as the FinCEN form for reporting foreign banking information) will now be due April 15th instead of June 30th but you will be able to claim an extension until October 15th (currently no extension is allowed for this form).

Useful Web Sites—You may want to check out these websites:

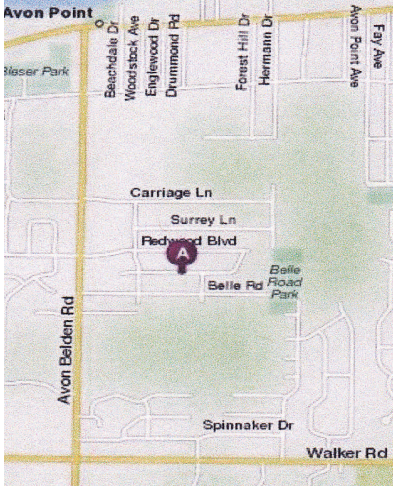
FatWallet.com - aggregates coupons from all over the web

Evernote—there are many note taking apps, but this one is a leader for a reason. One very useful feature is the ability to share notes with someone else's Evernote account.

IF (formerly IFTTT)—this app stands for If This Then That and allows you to create simple statements of action.

NOTE—We do not provide any assurances regarding these apps or websites.

The Taxbit logo is positioned in the top right corner. It features the word "Tax" in a bold, green, sans-serif font, and the word "bit" in a bold, blue, sans-serif font. The letters are slightly shadowed, giving them a 3D appearance as if they are floating above the background.



DELIVERY METHODS

Just a reminder there are four ways to provide us with your tax paperwork.

1. You may send your paperwork by US postal mail (or UPS, Fedex, etc.). We will review the paperwork, contact you with questions, and send the completed returns back to you.
2. You may drop off your paperwork with no appointment necessary in our locking drop box located by the front door. **Be sure to use the white box and NOT the round tube on top of the box.** You can access this box 24 hours a day, seven days a week, and we check the box every day. Again, we will contact you with questions, and send the completed return back to you.
3. You can schedule an appointment to review your taxes in person. Call our office at **440-933-3178** or e-mail us at **admin@sauppetax.com** to schedule your appointment. We have day or evening appointments available Monday through Saturday. No appointments will be scheduled after March 20th. Only drop offs will be permitted at that time, and these returns may be subject to an extension.
4. For 2015, you may also put your documents into a Dropbox or Google Drive folder and share the link to this folder by emailing us at **admin@sauppetax.com**. All documents must be legible and complete (both sides are required for all documents). Please put all the documents into one folder and simply send the link for the folder.

No matter what method you use, your completed questionnaire must be included.

You may also send your paperwork and set up a Skype chat if you have items you would like to discuss but do not have the ability meet at our office. Our Skype name is **Sauppe.tax**. Contact us with the date and time you would like to chat.

Driving directions—take either Belle Rd., Redwood (pedestrian crossing signs to mark this street), or Carriage Lane from Route 83 to Woodstock. Take Woodstock to Greenwood Dr. and turn east. The office is six houses down on the left hand side.

Affordable Care Act Issues For 2015

The Affordable Care Act is once again an issue to be dealt with when preparing your 2015 tax returns. The big change this year is that now EVERYONE who is covered by insurance for any part of the year should receive at least one document to substantiate this.

If you, or a spouse or dependent, obtained health insurance through the marketplace, you should receive Form 1095A. This form is NOT new and you may have received one for the 2014 year.

If you, or a spouse or dependent, obtained health insurance through your employer, AND the employer is considered a large employer (over 100 full time employees), you should received Form 1095C from your employer. This form is not new this year but is now required to be sent out (it was voluntary in 2014).

If you, or a spouse or dependent, obtained health insurance through your employer or through another source other than the Marketplace, you should receive Form 1095B from the insurance company who handles the health insurance. This form is not new this year but is now required to be sent out (it was voluntary in 2014).

Depending on your situation, you could receive multiple copies of all three of these forms for 2015. In order for our office to prepare an accurate return, we will need you to include any and all of these forms that you receive.

If you are covered by Medicare, your 1099SSA form showing your social security benefits, and your Medicare premium deduction will substantiate your health insurance coverage. Of course, if you went on Medicare part way through 2015, you will need to provide documentation for the period prior to Medicare.

If you did NOT have health insurance coverage for any part of 2015, please answer NO to questions 21 and 22 on our annual questionnaire, and be sure to provide all pertinent details.

You must prove every dependent claimed on your tax return had health insurance or be subject to the penalty. If you are divorced, and you have a child that you wish to claim as a dependent, you will need the proper documentation to show he or she had coverage. This may require you to contact your ex-spouse to obtain that paperwork if your ex-spouse is the person who obtained the health insurance for your child.

Bottom line—for 2014 tax preparers were allowed to accept your word that you, and all other people claimed on your return, had health insurance. For 2015, we can no longer rely simply on your word but MUST have documentation to substantiate this. Remember—don't shoot the messenger here.

Talk to your Congressman about ACA and its consequences to you.



Checklist

Normally in this section we have a checklist of items to be sure to include in your tax packet. This year we have enclosed a *personalized* checklist for each client. This list is based on the documents you had for your 2014 return and may not cover all the items you have for 2015, but it should provide a good starting point.



Taxpayer Name _____

Charitable Donation Recap for 2015

Monetary donations

You may combine donations made to the same organization in this section. For example, if you gave three checks of \$100 each to the Red Cross, you may simply list the total. In this case, since each donation was under \$250, you do not need to provide any receipts from the charity and may enter NO in the last column. For method of payment, indicate check, bank debit, payroll deduction, or cash. If cash, you must include the receipt from the charity recognizing the donation. Please note that any purchase of raffle tickets from a charity does NOT represent a charitable donation. Also, if you receive something of value in return for your donation, your donation must be reduced by the fair market value of that item. The charity will normally provide you with this information.

Name of Charity	Method of Payment	Amount	Any single donation greater than \$250? YES/NO
EXAMPLE: Red Cross	Checks	300.00	NO

Non-Monetary Donations

List each donation separately. In all cases, a receipt from the charity and a list of the items donated with the value assigned to each item must be included with your paperwork. For car donations, a 1098-C should also be included. If the **total** of all your non-monetary donations is under \$500, you do NOT have to complete the last three columns for any donation. However, if the total of all the donations are \$500 or more, the last three columns must be completed for each donation. A valuation guide can be found on our website at www.sauppeta.com. The value assigned to any item must be the smaller of fair market value or your basis (usually your cost). For example, if you found an item on the street and then donated it, your deduction for tax purposes would be zero because you had no cost.

Name of Charity	Date of Donation	Total Value of Items Donated	How Acquired by Donor	Date Acquired by Donor	Donor's Basis
EXAMPLE Goodwill	12/15/13	\$75	Purchased**	12/5/01**	\$600**

** Not needed if the total non-cash donations are less than \$500.