



Sauppé Tax News

Brought to you by

Sauppé Tax Service, LLC

32650 Greenwood Dr. Avon Lake OH 44012

Phone/fax 440-933-3178 e-mail admin@sauppetax.com

The Sharing Economy

Special points of interest:

- Sharing Economy Income
- 2016 Filing Issues
- Retirement Withdrawals

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The sharing economy (also called the on-demand, gig, or access economy) lets people use technology to conduct business in new and unique ways. Prime examples of the sharing economy are Uber, Lyft, Airbnb, and TaskRabbit.

If you are a USER of these services, you probably do not have any new tax issues to worry about. However, if you are a PROVIDER of one of these services, you probably have some tax issues that should be addressed sooner rather than later.

Tax law states that all income is taxable unless specifically exempt. Therefore in most cases money you receive for providing these services will more than likely need to be reported on your tax return. You may be able to take some deductions against this income. You may also need to make estimated tax payments to cover the tax (income and possibly self-employment tax) on these amounts.

Let's take two examples to try to explain how this works. Let's say you decided you wanted to rent your house out while you were on vacation this year, so you listed it on Airbnb. Here there is a potential loophole. If you rent the home for a total of 14 days or less during the year, you do not have to report the rental income. Of course, you cannot deduct

any expenses attributable to the rental income except for items you would have been able to deduct anyway (think mortgage interest and real estate taxes). However, if you rent for 15 days or more, the income MUST be reported. How you report, and what you can deduct against the income depends on a number of factors. You should contact the office if you wish to discuss further, but keep in mind that the income must be reported whether you receive any documentation from the renter or not. Also note that if you rent it out 3 times for 5 days each, the 14 day rule does not apply. The income IS taxable as the total rental days exceeded 14 during the year.

Let's change this scenario just a bit to say that you found a home you wanted to rent for three weeks in another area, and that person wanted to rent your home for the same time frame. You both agreed that the fair rental value of both homes was equal so no money changed hands. However, you DO have taxable income. You have to report as income the amount you would have received for the rental (the fair market rental). You cannot deduct your cost to rent the other home as this was a personal expense (your vacation).

Now let's say you have a car and time on your hands

so you sign up to be an Uber driver. There is no 14 day rule here. Every penny you receive as an Uber driver is taxable income to you. You will probably have expenses you can deduct (miles driven for Uber multiplied by the IRS standard mileage rate, OR actual car expenses prorated between Uber and non-Uber for example), so be sure to document all your expenses.

You may or may not receive a 1099 for your Uber driver income. Whether you get a 1099 or not has no bearing on whether the income must be reported.

What the tax will be on this income depends on a number of factors. You will pay income tax on the net proceeds (income less allowable expenses) at whatever your marginal tax rate is. You may also be subject to self-employment tax which usually runs about 15% of the net proceeds. You may also have to pay state income tax and city income tax on the net proceeds.

If you do have sharing economy income and would like further information, you can contact our office or go online to the IRS website page about this at <https://www.irs.gov/businesses/small-businesses-self-employed/sharing-economy-tax-center>

NEW 1099 FILING DEADLINES

Effective for 2016, there are new reporting deadlines for submitting 1099s. The deadline for mailing forms to the recipients has not changed and remains January 31st. However, in prior years the copies of the forms sent to the IRS could be submitted as late as March 31st if they were sent electronically. The required due date for all forms (to the recipient AND to the IRS) is now January 31st.

If you wish this office to assist you with the filing of any 1099 forms, the required information (name, social security number, and address of the recipient, as well as the amount paid during 2016 and the reason for the payment) *must* be in our office no later than Monday January 26th.

Just a reminder that when, *in the course of your business*, you pay any individual \$600 or more in a calendar year, you are required to file a 1099MISC form for that individual. An individual is any entity other than a corporation or an LLC taxed as a corporation. As soon as you hire an entity to work for you in any capacity other than an employee, you should have that entity complete a W9 BEFORE any payments are made. One major exception to the general rule are payments made to legal firms by your business. If you paid \$600 or more in legal fees, you are required to issue a 1099MISC no matter then entity type.

Failure to file these forms when required does carry a penalty. The amount of the penalty is based on how late the forms are filed. If filed within 30 days of the due date, the penalty is \$50 per form. If filed more than 30 but before 8/1, the penalty is \$100 per form. If filed after 8/1, the penalty can start at \$260 per form and can be as high as \$530 per form. There are separate penalties for failure to file with the IRS and failure to file with the recipient, so these amounts can double.

If you send 1099 information to this office after our cut-off date of 1/26/17, there will also be an additional charge over and above the usual fee for the preparation of the 1099s. If you have any questions, please contact the office.



Mileage Deductions

For those of you who use your car for mileage that could be deductible on your tax return (for business, medical, or charitable reasons), you must complete the mileage recap on page 2 of the annual questionnaire. You will need to put down the actual miles driven during the year for these reasons, as well as the total miles driven for any reason during the year. You will see that the recap includes a section for personal miles—this is so the miles shown in each category can be added up to balance to the total miles for the year.

Internal Revenue Code 274(d) requires specific documentation for business miles. This would mean you **MUST** have an account book, log, or similar record that was prepared contemporaneously that shows the business miles for each use, the date of each business use, and the business purpose for each use. Because contemporaneously means originating, existing, or happening during the same period of time, this log cannot be created long after the fact. In other words, you must be preparing this log during the tax year as you are incurring the business miles. Your completion of the mileage recap on the questionnaire and your response to question 4 attests to the fact that you have this contemporaneous log and that you can provide this documentation in case of an audit.

The easiest way to claim mileage (once you have the log) is to take the standard mileage allowance. By completing the mileage recap, you have provided us with the information to claim this deduction on your return. If you prefer, you may be able to claim your actual expenses, but to do so you will need to provide us with a recap of all your automobile expenses for the year including all repairs, gas purchases, registration fees, insurance, etc. A portion of these expenses could be deductible based on the ratio of business miles to total miles.



Driver's License Information

For the 2015 tax returns, only two states (Alabama and Illinois) *required* a driver's license number entered into the return to allow electronic filing. Many other states (PA, NM, CA, and others) only suggested that it be entered but did *not* require it. At present, it is unknown how many states will require the information for 2016 returns.

Currently we are not requiring that you send to this office **copies** of your driver's license (taxpayer and spouse) but it is suggested that you do so. If you do not include the copies with your other tax documents, and your state requires this information, we will have to prepare a state return for you to file via paper as we will be unable to file it electronically for you. For those of you who are subject to city tax, this may impact the electronic filing of your city return also.

As always, any documents you provide this office will be kept safe in keeping with the requirements of the Gramm-Leach-Bliley Act.



Checklist

As we did last year, we have included in our annual mailing a personalized checklist of the documents used to prepare your 2015 return. This checklist should help you to determine if you have all the documents needed for your 2016 return. However, please note that you may have additional documents, or not have all the same documents as last year, because of changes in your tax picture. We recommend that you take the opportunity to mentally review your year to determine if you have everything accounted for while putting together your tax packet.

RMD (Required Minimum Distributions) Explained

For many Americans, their biggest financial asset after their home, is their money in retirement funds. While you are working, your focus should be on putting as much as you can into these accounts so that you may have a financially secure retirement.

But soon enough, the time will come when you want and/or need to take money out of your retirement account. What tax consequences there are on these withdrawals will depend on a number of factors. The following discussion assumes the money is in a 401k or similar employer sponsored plan, or in a traditional deductible IRA to which you contributed. If you have questions about other types of retirement plans (Roth, inherited, or non-deductible IRAs for example), please contact the office.

If you withdraw money *before* you reach 59 1/2, you may be subject to a 10% penalty *in addition to* the income tax you will pay on the funds. There are some exceptions that will allow you to avoid the penalty on some or all of the withdrawal, but you need to be certain one of the exceptions applies to you. For example, you may be able to take money from your IRA to pay for qualified education expenses, but the student must be at least half-time, you must take the funds from the IRA in the same year as you pay the expenses, and funds withdrawn from a 401k plan do not qualify for this exception even if spent on qualified education. If you think you need to make a withdrawal, please discuss it first with either your financial advisor or this office.

If you are 59 1/2 or older when you withdraw the money, you will only pay the income tax on the funds. There will be no 10% penalty no matter what the reason for the withdrawal. However, the income tax assessed on the withdrawal will be at your marginal tax bracket, so bear in mind that these funds could cost you more than you anticipate. These funds will also increase your adjusted gross income which may adversely impact your return in other ways. For example, the increased AGI could reduce the amount of your deductible medical expenses or miscellaneous itemized deductions, or it could increase the amount of taxable social security benefits, or it could subject you to additional taxes such as the Medicare surtax.

Once you reach 70 1/2 you are **REQUIRED** to take money from your retirement accounts. The amount you must withdraw each year is called your Required Minimum Distribution or RMD. There are severe penalties for failure to withdraw these funds when required. The IRS can assess a penalty of 50% (not up to 50% but exactly 50%) of the amount you should have withdrawn but didn't. This penalty can be assessed each year you fail to withdraw the RMD.



Your financial advisor or the plan sponsor of your retirement account should provide you with a notice each year that tells you what your RMD should be. However, it is possible this number is combined with lots of other information they provide and it might be hard to pick out that one nugget of information. Below is the Uniform Lifetime Table used to determine the RMD. If you wish to determine your own RMD amount, you can use the worksheet shown below. Keep in mind this calculator is for informational and educational purposes only. You should confirm these numbers with your plan sponsor to be sure you have correctly calculated your RMD. It is also possible that you have to use a different lifetime table depending on your circumstances. This office is not responsible for any errors or omissions. You may also find an online calculator at this link— <http://apps.finra.org/calcs/1/rmd>

For those of you who are 70 1/2 or older, you also have the option of having your RMD sent directly to a charity instead of being sent to you and then you donate the funds to charity. Talk to your plan sponsor about this option. Keep in mind that you will not be able to deduct this as a charitable donation, but you will also not have to report the distribution given to the charity as income to you. This may help with the potential adverse consequences of additional income as noted above.

Uniform Lifetime Table

For use by:

- Unmarried participants,
- Married participants whose spouses are not more than 10 years younger, and
- Married participants whose spouses are not the sole beneficiaries of their IRAs.

Age	Distribution Period	Age	Distribution Period	Age	Distribution Period
70	27.4	81	17.9	91	10.8
71	26.5	82	17.1	92	10.2
72	25.6	83	16.3	93	9.6
73	24.7	84	15.5	94	9.1
74	23.8	85	14.8	95	8.6
75	22.9	86	14.1	96	8.1
76	22.0	87	13.4	97	7.6
77	21.2	88	12.7	98	7.1
78	20.3	89	12.0	99	6.7
79	19.5	90	11.4	100	6.3
80	18.7				

For ages not listed in this table, see IRS Pub. 590-B for the complete table. .
See *Required Minimum Distributions (RMD)*, page 13-23.

The TaxBook™—2016 Tax Year

The balance in all your IRAs at previous year end _____

i.e. if calculating RMD for 2017, use the balances as of 12/31/16.

NOTE—if calculating your RMD from a 401k plan, you must calculate and take the RMD separately from **each** account.

Your age at the end of the year _____

i.e. if calculating RMD for 2017, use your age as of 12/31/17.

Factor from Uniform Lifetime Table _____

i.e. if your age as of 12/31/17 is 75, you would use 22.9 as the factor

RMD—divide the balance by the factor _____

i.e. if your balance was \$100,000, and your factor is 22.9, your RMD is \$4,366.82 (round up). This is the minimum amount you must withdraw from your IRAs in 2017. You can always withdraw more than this.

If You Owe The IRS

You have always received refunds on your tax returns, but due to some unforeseen circumstances, you owe the IRS this year. What do you do?

First, it is not always a bad thing to owe the IRS a small amount at the end of the year. A large refund simply means the IRS has used *your* money all year interest free. And if you do become a victim of tax identity theft, a refund could be held up by the IRS for months or even years while the situation is straightened out.

Keep in mind that there will be no penalties when the balance you owe the IRS is less than \$1,000 and you pay the amount in full by the due date of the return (usually 4/15 though it is 4/18/17 for the 2016 returns).

Your balance can be more than \$1,000 and not incur a penalty if the amount due is less than 10% of your total tax liability. For example, if Line 63 of your 2016 tax return shows a total tax of \$14,000, with \$12,700 in withholding, your total tax due is \$1,300. This is less than 10% of your total tax of \$14,000 so again no penalties if you pay the amount in full by the due date.

A third way to avoid the penalty is if you have paid in as much as you owed on your previous year's tax return. In this case, the amount you still owe does not come into play, only the total tax on the previous year's return, and the amount you paid. For example. Your 2015 return showed a

total tax of \$6,000. In 2016, you had a windfall and your income was up substantially. Your total tax for 2016 is \$11,000. If your payments (withholding, estimated taxes, etc.) for 2016 are at least \$6,000, you will not incur a penalty if the balance is paid by the due date even though in this case the amount is \$5,000. One caveat—this method must be adjusted to 110% of last year's tax that must be paid in if your previous year's adjusted gross income was over \$150,000 or \$75,000 if married and filing separately. Of course, you can simply use the 110% figure to ensure you avoid a penalty no matter what.

Again, the key with all three scenarios shown above is that you have the funds to pay the tax in full by the due date. Normally, if we calculate a balance due on your return, we will set up automatic withdrawal of the amount due from your checking account on the due date (it does not matter when we file your return, we will still use the due date as the deduction date unless you notify us in writing to use another date).

If you don't want automatic withdrawal, you need to notify us prior to the completion of your tax return. You will then be required to mail your payment into the IRS using a paper check, or go to

https://www.irs.gov/payments?_ga=1.140244275.1217355019.1437079255

to set up either direct debits from your checking account, payment via a credit card., or this year you can pay by cash at



participating 7-Eleven stores. There are fees associated with the credit card and cash options.

You should also note that you cannot simply walk into any 7-Eleven store with cash in your hand to make the payment. You must go online to register and wait for an email with a payment code. This process can take up to a week.

But what happens if you do NOT have the funds to pay the balance in full by the due date. In this case, you may have to request either an online payment agreement or an Installment Agreement from the IRS. To be eligible for the online payment agreement, you must owe less than \$50,000 (individual) or \$25,000 (business), and have filed all required returns. The fee for online payment agreements as of 1/1/17 is \$31 for direct debit agreements or \$149 for agreements that are not taken directly from your bank account. It may be possible to have no set up fee if you qualify for a Short Term agreement (120 days or less before the balance is paid in full).

If you can't use the online payment agreement, you will need to complete Form 9465 to request an installment agreement from the IRS. The fees for this will go to \$107 for direct debit and \$225 for any other payment method,



Many of you are venturing into the waters of trust taxation, perhaps because of your parents' prior tax planning, or

because you are making plans for your own assets upon your death. This article is simply a brief review of trusts, which are a complicated issue and can contain many variances. As I like to say, a trust is like ice cream. You can say you have some ice cream, but that only tells me a little bit—I would need to know a lot more before I can properly identify the kind of ice cream you are eating.

Trusts are often used to avoid probate because trusts are a way to pass assets to heirs without going through the court system. There are other ways such as a TOD, POD, and beneficiary designations but that is beyond the scope of this article.

If you have decided that a trust is the way to go for you, it is highly recommended that you

A BRIEF REVIEW OF TRUSTS

use a competent attorney to draw up your trust agreement. You don't want to find out too late that your trust is defective and does not do what you want it to do.

Most trusts set up during your lifetime are established as grantor trusts which are also known as revocable living trusts. The revocable part simply means that you, the grantor, can change the trust terms anytime you want. You also usually name yourself as the trustee. With this type of trust, the IRS basically ignores the trust during your lifetime and all income earned by the trust is reported on your personal income tax return. A revocable trust does NOT need a federal ID number while you are alive as all reporting agencies use your social security number to report the income.

Immediately upon your death, the trust becomes an irrevocable trust. Since you are dead, you cannot change the terms of the trust. There is a variant whereby the trust is a revocable trust until both grantors (think husband and wife) have died, and the trust only becomes irrevocable on the death of the sec-

ond grantor. At that time the trust DOES need a federal ID number which can be obtained from the IRS by completing Form SS-4.

From the moment of death, all income items should be reported on a trust tax return (1041) instead of the grantor's final 1040 (which does report all income up to the date of death). The issue here is that many financial institutions do not get their records turned over in a timely manner and still report income after the date of death under the taxpayer's social security number. It is the responsibility of the successor trustee to get the right income reported on the right return.

Our office has been preparing trust returns for 15+ years, and would be happy to help you with this if you wish. Keep in mind we will need a complete copy of the trust agreement to do so.

Due Diligence Requirements for 2016

For those of you who have claimed the Earned Income Tax Credit in the past, you know our office was required to perform some additional checks to ascertain that you were, indeed, eligible for the Earned Income Tax Credit.

Effective with the 2016 tax year, tax preparers are now **required** to perform due diligence checks before allowing a return to be filed with the Earned Income Tax Credit, the Child Tax Credit or Additional Child Tax Credit, or the American Opportunity Credit.

With that in mind, it is imperative that you properly complete the questionnaire, the EITC checklist if included in your packet, and include

all necessary documentation for claiming these credits (i.e. the 1098T and the college billing statements showing your payments for the Education credit.

Any return claiming any of these credits must have a completed Form 8867 included with the return or the claim will be denied. Our office will complete Form 8867 based on the documents you provide to us. Please be aware that we cannot simply skip this step as there is a minimum \$530 fine imposed upon the tax preparer for each failure to follow the due diligence procedures. This penalty can be imposed for each credit taken on the return so, in theory, our office could have a penalty of \$1,590 imposed on one return if the IRS determines we did not follow proper procedures in this area.

ACA Issues for 2016 Returns

Once again the IRS is allowing applicable large employers to delay sending the 1095B and 1095C forms from 1/31/17 to 3/2/17. Even though the rules applying to these forms and their deadlines were established over six years ago, the IRS continues to feel that large employers have not had enough time to get their act together to issue the forms in a timely fashion. This is the third time the filing has been delayed or waived. For 2015, the filing requirement was waived completely. For 2016, the IRS issued a notice on 12/28/15 delaying the due date for the forms from 1/31/16 to 3/31/16, and now they have issued another postponement for 2017 (2016 tax year).

These forms are issued by your employer to show that you and your dependents had health insurance for the whole year or for part of the year. This information is used in the preparation of your tax return because that is where you must notify the

government that you have the required insurance OR to pay the penalty if you do not.

For 2015 returns, the IRS allowed tax preparers to take the word of taxpayers that they had insurance. In other words, we were *not* required to wait for the 1095 forms to prepare your return. We are assuming the same allowance applies for the 2017 filing season so please be sure to correctly answer Questions 21 and 22 on the annual questionnaire.

As many of you remember, there was quite a bit of confusion when these forms arrived in your mail box long after your tax returns were completed by this office. Please feel free to send these forms to our office when you receive them so that we can have the information on file in case of an audit, though if you prefer not to mail them, be sure to put the original in with your tax return and document copies.



New Tax Laws?

There has been much discussion in the news lately regarding the new administration and the possibility for a major tax code overhaul. This office continues to monitor the discussions taking place, but we have learned it does not make sense to delve too deeply into the potential issues until the final bill is signed into law. However, we encourage you to watch the news for potential issues that may impact you directly, and to communicate with your Representative or Senator your thoughts on the issues. If major changes are passed during 2017, we may send out a mid-year newsletter to update you on the changes.

Identity Theft

ID theft was our lead story in last year's newsletter. Finding it on page 5 of this year's newsletter does NOT mean the story is not relevant or important any more. ID theft (and the corresponding tax scams often used to get your information) continue to plague us all. I, personally, received numerous calls from people claiming to work for the IRS and saying I needed to pay my tax bill *immediately* or face severe consequences. Needless to say, I ignored the calls and threats.

If you should receive a call like that, hang up. Do NOT provide any information to the caller. Do NOT try to get any information from the caller because they are trained to cover their tracks.

If you have any concerns about the legitimacy of these calls, simply contact the taxing authority directly. Do not use the number given to you by the caller. The IRS can be reached at 800-829-1040, and you can easily look up the phone number for any state or city by going directly to their website.

Keep in mind that the IRS will NEVER make first contact with a taxpayer by phone. You will first be contacted by letter (probably many letters). Starting in the spring of 2017, it is possible to have a private debt collection agent hired by the IRS contact you by phone, but this would only occur after you have received written correspondence from the IRS that your account had been turned over to one of these private agencies.

Any letters received from the IRS, or from your state or city, should be forwarded to this office so that we can determine the correct way to handle it.

If you do become a victim of ID theft and/or tax ID theft, follow the steps outlined in last year's newsletter article which can be found in the Archive section of our website, or use the IRS Identity Theft Factsheet found on the What's New page of our website.

Another scam making the rounds is the Federal Student Tax. With this scam, the scammer demands immediate payment from the taxpayer for the "federal student tax". There is no such tax.



Brought to you by
Sauppé Tax Service, LLC
 32650 Greenwood Dr. Avon Lake OH 44012
 Phone/fax 440-933-3178 e-mail admin@sauppetax.com

*Specializing in personal
 and small business taxes*

IMPORTANT REMINDERS

Please don't forget these important points when preparing for your 2016 tax return preparation.

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 2016 return. You **MUST** also fully complete the charitable donation recap found on page 8. If you do not include a properly completed charitable recap form in your packet, there will be an additional charge added to your tax preparation fee.
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.

REFUNDS DELAYED?

The IRS has indicated that any returns that include the Earned Income Tax Credit (EITC) or the Additional Child Tax Credit (ACTC) will have their refunds delayed. No refunds on these types of returns will be issued until 2/15/17 at the earliest and may be later depending on when the return was filed. This delay is an effort by the IRS to battle tax fraud as many of these credits are used on fraudulent returns.

If you are legitimately entitled to these credits, we will ensure that your return contains the proper documentation to claim these credits (see related article on Page 5). Eventually your refund will be issued, but please understand that delays may occur and do not plan on a quick refund when analyzing your cash flow.

Settlement Statement



For many years, we have had a question on our annual questionnaire regarding the purchase or sale of real estate (Question #8 on this year's form). If you answer Yes to this question, you are asked to include a copy of the settlement statement (also called the HUD or HUD1 statement) with your tax documents. Because some people are unsure what this form is, we have put a blank copy of this form on our webpage (home page under Files). As always, if you have questions please feel free to call or email the office.

**Tax
 101**

2016 Mileage Rate—The 2016 rate for deducting business miles is 54.0 cents per mile. The medical rate is 19.0 cents and the charitable rate is 14 cents for 2016. If you accurately complete the mileage section of our annual questionnaire, we will compute this deduction for you. The charitable rate for 2017 will remain at 14 cents per mile. The business rate for 2017 will drop to 53.5 cents per mile and the medical rate for 2017 will decrease to 17 cents per mile..

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

Lifehacker.com—provides tips and tricks to help you get stuff done.

RottenTomatoes.com - want to know if you should go see that new movie? Check here first.

Useful Apps

Waze—real time traffic info to help you get around traffic delays

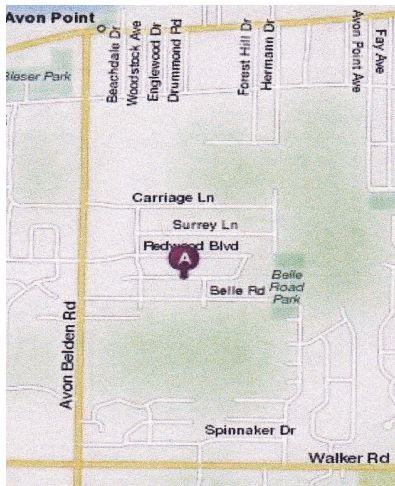
TedTalks, iTunes U, or Stitcher —streams educational content on demand.

HowStuffWorks—a a smorgasbord of fun, interesting items about all kinds of stuff.

White Noise—soothing sounds

Hoopla—if your local library supports this app, you can download free movies, music, ebooks, and more 24/7.

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



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@sauppeta.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. To assist you with scheduling appointments, there is now a calendar on the Contact webpage which will show you all available time slots for appointments (beginning January 23, 2017). Simply pick a time that works for you, send us an email requesting that time slot, and we will send a return email to confirm your appointment.
4. 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@sauppeta.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.

DISCLOSURE AUTHORIZATION

As many of you already know, we are prohibited from disclosing any of your tax information to anyone other than the taxpayer and spouse without your express written permission. This means we cannot even acknowledge that we prepare your return to any other party without authorization, nor can we even discuss an adult child's return with the parents of the child.

The IRS has specific language that must be included in any valid disclosure authorization, and you can find the required disclosure format available for download on our website at www.sauppeta.com. Disclosures now expire one year from the date you have signed the form. Therefore please bear in mind that if you have signed a disclosure authorization more than one year ago, that disclosure is no longer valid. You **must** submit a new form to this office. Thank you for your understanding.



Foreign Financial Reporting



We are becoming much more of a global economy which means we are more and more likely to have foreign financial accounts. Depending on the balances in these accounts, you may have foreign financial reporting (often referred to as FBAR and FinCen) obligations. If you have a financial interest in or signature authority over a foreign financial account, including a bank account, brokerage account, mutual fund, trust, or other type of foreign financial account, exceeding certain thresholds, the Bank Secrecy Act may require you to report the account yearly to the Department of Treasury by electronically filing a Financial Crimes Enforcement Network (FinCEN) 114, *Report of Foreign Bank and Financial Accounts* (FBAR). This report must be filed if the aggregate value of all foreign financial accounts during the year exceeded \$10,000 at any time. This office **cannot** prepare this form for you. You may also need to file Form 8938 with your tax return if the balance at the end of the year in these accounts is \$50,000 or more OR is \$75,000 or more *at any time* during the year.

It is important to note that simply investing in foreign stocks or mutual funds through your American brokerage firm does NOT initiate the foreign filing requirement. There may also be exceptions for online gambling sites but this is currently working its way through the courts. Please pay close attention to your answers to questions 1 and 2 on the questionnaire. Your answers are noted on your 2016 tax return and, if answered in the affirmative, may cause the IRS to review your financial records to determine if you are required to file the forms mentioned above.

Taxpayer Name _____

Charitable Donation Recap for 2016

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 \$249.99?
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 greater than \$500, you **MUST** complete the last three columns for all donations. 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's Basis
EXAMPLE Goodwill	12/15/13	\$75	Purchased**	12/5/01**	\$600**

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