
Paice Tax and Accounting, Inc.

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January 12, 2020

Dear Friend,

The staff of Paice Tax and Accounting would like to extend to you our wish for a happy and prosperous new year. We hope that you had an enjoyable Christmas. Along with the new year comes the preparation of your 2019 income tax returns.

Thank you for referencing this letter via our website. The post-card you received in the mail included your pre-scheduled tax appointment. We have tried to schedule your appointment close to the date and time that you came in last year. *If you cannot come at the pre-scheduled date and time, please call our office as soon as possible to reschedule a time that is convenient for you. **Our phone number is (801) 774-0498.***

We realize that you have very busy schedules and it is hard to make it in for an appointment. We offer the option for you to upload your information to us electronically or to drop off your tax information at your convenience. We will review your information and contact you by phone or text with any questions. When complete, you can either receive your documents through our client portal and also sign electronically, or stop by to pick up and sign your completed returns. If you would prefer to drop off your information we ask that you call us as quickly as possible to cancel your pre-scheduled appointment to free up our schedules.

A note about children: Income tax preparation is a very complicated, sometimes time-consuming task that requires the complete attention and concentration of both you and your tax preparer. Children cannot be expected to sit quietly for the length of time necessary to complete your tax returns. We do not have facilities or staff to entertain your children during your appointment. ***For these reasons, we kindly ask that you make other arrangements for your children rather than bring them with you to your appointment.***

Website: We invite you to check out the features of our website. From our website you can access our client portal to send or receive documents, make payments, or access many fact sheets and newsletters on a variety of different tax topics by clicking on the tab labeled “*Tax Resources.*”

Data Security and Client Portal: *In an effort to safeguard personal client data we have implemented a “no click” policy. We can no longer send or receive documents via email attachment.* Phishing emails are emails that look legitimate containing attachments. Clicking on one of these attachments could allow a virus or ransomware to be introduced into our computer network. Since it is impossible to tell which emails are phishing scams and which are legitimate, we can no longer open any email attachments.



*Personal & Business Income Taxes
Payroll & Quarterly Tax Reporting
Entity Setup • Accounting & Bookkeeping*

All documents sent to or received from our office must to be sent through our secure client portal. To access the client portal, go to our website and click on the tab labeled “Client Portal.” You will need to enter your social security number, (for those who file married filing joint, you will need to enter the social security number of the person listed first on the tax return). The first time you use the portal you will need to set up a password. Click on the link that says “Need a Password or Forgot Password.” Then, if we have your cell phone number or email address in our system, (again for those who file married filing joint, this will be the cell number or email address of the person listed first on the tax return), the system will send you a temporary password to use to access the portal. Once in you will be prompted to change your password. If you encounter problems, or if we don’t have a cell number or email address in our system for you, call our office and we can manually reset the password.

Organizers: This year we will once again make our tax organizers available, free of charge, to anyone who requests one. There are generic organizers available in our client portal. We can also prepare a client specific organizer from our tax software that shows income and deductions claimed the prior year for your reference. We can upload these organizers to your client portal for download, or you can drop by and pick up the organizer.

E-Filing and Refunds: The IRS has announced that they will start receiving e-filed returns on Monday, January 27, 2020. If your scheduled appointment is prior to that date, and you have your tax documents, we ask you to keep that appointment if possible. We can still prepare your return, but we will not be able to send it to the IRS until e-filing is up and running at IRS. According to the IRS, most refunds will be processed in 21 days or less from the date the return is e-filed.

New State Issued I.D. Requirement: In order to e-file a return we must enter a driver’s license number or other state-issued identification card number for the taxpayer (and spouse for joint filed returns). For taxpayers under 16, or if you don’t have ID due to other reasons, there is an option for the taxpayer to make a declaration that they do not have any ID.

EIC and ACTC: If you are claiming the EIC or the ACTC you will now need to bring something documenting that your qualifying child lived with you in the same home, such as school, church, Social Services, medical records, or a lease agreement with your name and address, and the child’s name. We will need to see Social Security cards for all individuals claimed on the tax return; and in some situations we may need to see the children’s birth certificates. If you are self-employed and claiming EIC we will need to see written evidence of your business income and deductions.

College Credits In order to claim the American Opportunity Credit (AOC) or the Lifetime Learning Credit (LTLC) we must have a Form 1098-T, *Tuition Statement*, issued by the educational institution. In addition to the Form 1098-T you also need to get a printout from the educational institution’s cashier’s office showing all charges and payments made during the year. Both the Form 1098-T and statements of charges and payments are usually available by the student logging onto the educational institution’s website. You also need to bring in receipts for books purchased. ***It is mandatory that we have the Form 1098-T to claim the education credits.***

If we, as your tax preparer, fail to document these items and allow you to incorrectly claim the refundable credits, we can be subject to fines and penalties in excess of \$500 per tax return.

Children required to file: It is our experience that tax returns filled out for dependent children often include errors. While these appear to be very simple returns on the surface, if they are prepared incorrectly they could potentially cost you thousands in deductions and credits on your return. These

errors could also delay the processing of your return and require your child to file amended returns to correct their filing errors. Our advice: ***Do not allow your dependent children to prepare or file their own tax return, especially college students, and do not prepare them yourself.*** For any dependent child claimed on your tax return, we charge a minimal fee of \$30 to prepare their federal and one state returns. This is very small compared to what an incorrect filed return could potentially cost you in tax or preparation fees to correct errors after the fact.

Affordable Care Act (ACA) aka Obamacare: The Tax Cuts and Jobs Act of 2017 (TCJA) eliminated the penalty for individuals who fail to have qualified health insurance. Beginning with the 2019 tax year you will not incur a penalty for failing to have health insurance. You will not be required to bring in Form 1095-B or Form 1095-C.

Premium Tax Credit: **If you purchased your health insurance through the government sponsored healthcare.gov (Obamacare) website, and received an Advanced Premium Tax Credit, it is still mandatory that you bring in Form 1095-A issued by the exchange to calculate your Premium Tax Credit.** *If you come to your appointment and fail to bring Form 1095-A, we will not be able to finish your return, and you will have to reschedule a second appointment to complete your return when you obtain all required documents. You may be assessed a \$40 follow-up appointment fee.*

Foreign Account Disclosure: There are disclosure requirements if you have any foreign holdings, including checking, savings, or brokerage accounts in a foreign country. The disclosure requirements also require the disclosure of foreign held pensions or retirement accounts, partnership interests, or foreign estates. **If you have any foreign holdings, it is imperative that you inform your tax preparer. The penalties for failure to disclose can be up to \$10,000 per holding.**

New Tax Laws: There was very little tax legislation on the federal level this year. Congress did pass the SECURE Act, which was signed by the President in late December. The SECURE Act extended some tax provisions that expired at the end of 2018, including the following:

- Exclusion of income from cancellation of debt on your principal residence.
- Reinstated the deductibility of private mortgage insurance premiums.
- Reduced the AGI threshold for medical expenses back to the 2018 amount of 7.5% rather than 10%.
- Reinstated the Tuition and Fees deduction for higher education expenses.
- Reinstated the energy efficient home credit.

The new law also includes a number of changes to retirement plans. The following is a summary of some of the provisions:

- For taxpayers turning 70 ½ years old after January 1, 2020, the starting date for taking Required Minimum Distributions (RMDs) from an IRA is the year in which the owner turns 72 years old (increased from 70 ½ years old.)
- Also, beginning January 1, 2020 you can continue to contribute to your traditional IRA after age 70 ½ as long as you are still working. (Prior to January 1, 2020 you could not contribute to a traditional IRA if you were 70 ½ or older.)
- Non-spouse inherited IRAs are now subject to a 10 year maximum distribution period (under the old rules the IRA could be taken over the beneficiary's single life expectancy.)
- Allows parents to withdraw up to \$5,000 from retirement accounts penalty-free within a year of birth or adoption for qualified expenses.
- Allows parents to withdraw up to \$10,000 from 529 plans to repay student loans.

Cryptocurrency: The IRS is aware that millions of cryptocurrency transactions are going unreported each year. Beginning with the 2019 tax return, taxpayers will have to answer a yes/no question regarding their cryptocurrency activities. Be advised that all transactions involving the use of cryptocurrency (e.g. Bitcoin, Ethereum, Litecoin, etc.) are taxable as capital transactions similar to buying and selling stocks or other securities and must be reported on your tax return whether you get a year-end tax statement from your broker or not. You need to be keeping a log of all purchases and sells that you made using cryptocurrency. If you are using cryptocurrency like cash to purchase items, you have to determine the gain or loss every time you make a purchase. This can be very complicated, and very expensive to prepare your tax return. It is our recommendation that you use one of the online cryptocurrency reporting services to track your buys and sells. For more information see the *Cryptocurrency Fact Sheet* in the *Tax Resources* tab on our website.

New W-4 Form: The IRS has redesigned the Form W-4 used by employees to determine how much tax to withhold from your paychecks. If you start a new job, or want to change your W-4 after January 1, 2020 you will be required to use the new form. The new form can be a bit complex. The IRS has a Tax Withholding Estimator on their website at <https://apps.irs.gov/app/tax-withholding-estimator> that can be used to help you fill out the new W-4. Because the new form takes some time to fill out, we can assist with filling out the new W-4, but we will be charging a fee of \$30 to fill out the form. For more information see the *Withholding & Form W-4 Fact Sheet* in the *Tax Resources* tab on our website.

Payment Policy: We require payment for services at the time your tax return is prepared. We accept cash, checks, Visa, MasterCard, Discover, or American Express as payment. Bounced checks may be referred to an outside agency for collection and may be subject to additional collection fees. We will not electronically file or release the tax returns to you for mailing until the preparation fees are paid. If you do not have the money available to pay the fee at the time the returns are prepared, we do have options to withhold our fee from your federal tax refund. There is an additional charge for this service. ***We do not accept post-dated checks.***

Personnel: We have had some personnel changes this year at our office. Two long-time employees, Stephen Gee and Estella Blair, have retired and are no longer working here. Some of you may remember Shauna Spencer who worked for us in the past. She has returned after a couple of years off and will be assisting many of Stephen's and Estella's prior clients.

Referrals: As always, our best advertisement is our satisfied clients. If you are pleased with our services, we hope that you will recommend us to a friend, relative, or co-worker. To show our appreciation we will send you a \$25.00 gift card to the Megaplex Theatres for each new client you refer (excludes clients' dependent children). A referral coupon should be submitted for each one. Those are available at our office and are easy to fill out.

Thank you again for choosing Paice Tax and Accounting for your tax preparation needs.

Sincerely,



David W. Paice, EA
CEO, President