

Security, Identity Theft, Phishing, Scams

The IRS and the State of Virginia warns taxpayers to be wary and vigilant. Emails with links can download viruses that can swipe your info (be wary of "great holiday buys" emails), phone calls impersonating tax officials might request your personal info, and websites with advertising links can drop Trojans, bots and spyware to your computer. If you suspect you have been affected, contact us for information on steps to take to protect yourself. Additional info can be found in Publication 4524 and at

<https://www.irs.gov/individuals/taxes-security-together>

New law requires the IRS to hold refunds until mid-February 2017 for people claiming EIC or the additional child tax credit. Identity theft and refund fraud safeguards put in place by the IRS may also mean additional delays. This is intended to help keep you safer.

Vehicles "Keep Your Log"	2016	2017
Business	54¢	53.5¢
Charity	14¢	14¢
Medical	19¢	17¢
Depr Rate	24¢	25¢

Standard Deduction		
	2016	2017
HOH	\$9,300	\$9,350
MFJ	\$12,600	\$12,700
MFS	\$6,300	\$6,350
Single	\$6,300	\$6,350
Personal Exemption	\$4,050	\$4,050

NEW FOR 2016:

- No education credits or deductions allowed w/o 1098-T
- Due date changes for tax returns (see back page)
- Due date for W-2's & 1099's now Jan 31st - all copies
- \$250 Teacher deduction now includes cont. educ. \$\$'s
- Missed an IRA 60 day rollover? See us for options

SSA Benefits Questions (800) 772-1213

NEW RATES	2016	2017
Personal exemption	\$4,050	\$4,050
Standard Deduction	\$12,600/\$6,300	\$12,700/\$6,350
Cars - depreciation limit	\$3,160/\$11,160	TBA
Trucks - (except w/ 6' beds)	\$3,560/\$11,560	TBA
SUV >6000 lbs.	\$25,000	TBA
Kiddie Tax (child's unearned income)	\$2,100	\$2,100
IRA Contribution ***	\$5,500	\$5,500
Traditional Roth IRA ***	\$5,500	\$5,500
Simple Plan Cont ***	\$12,500	\$12,500
401(k) Contribution ***	\$18,000	\$18,000
SEP-IRA	\$53,000	\$54,000
403(b) salary deferral**	\$18,000	\$18,000
Min Essential Cov. Penalty	\$695 x ?	\$695 x ?
Caf Plan contribution	\$2,550	\$2,600
HSA contribution	\$3350/\$6750	\$3400/\$6750
Annual Gift Limitation *	\$14,000	\$14,000
Section 179 limits**	\$500,000	510,000
Section 179 for SUV's	\$25,000	\$25,000
Domestic Prod Deduction	9%	9%
FICA Wage limit	\$118,500	\$127,200
Estate Exclusion limits	\$5,450,000	\$5,490,000
Capital Gain Rates	0%/15%/20%	0%/15%/20%

*plus can pay someone's tuition or medical bills
 **May be limited by income & employer contributions
 ***Plus catch-up contributions if >=50 (\$1K IRA: \$3K Simple \$6K 401(k))

Limits... generally these tax deductions/credits are phased out as AGI (or modified AGI) increases or exceeds...

	2016	2017
Lifetime Learning Credit	\$111,000	\$112,000
AMT exemption (MFJ)	\$159,700	\$160,900
Item. Ded. AGI limit (MFJ)	\$311,300	\$313,800
Personal Exemption	\$311,300	\$313,800
Trad IRA (MFJ)	\$98,000	\$99,000
Roth IRA (MFJ)	\$184,000	\$186,000
Low Capital Gains Tax(MFJ)		\$464,850

Keep AGI low thru IRA deductions, HSA deductions, tuition deduction (rather than the educ credit), set up an SEP for your small business, SE Health Ins deduction, etc. or try to defer income to the next year in order to stay below AGI limits.



In The Future?

Under Republican leadership, tax reform is likely. Look for tax cuts for corporations, particularly the top tax bracket, closing of some loopholes, 15% tax break for reinvesting profits back into your company... all in hopes of boosting the economy by having more business investment, increasing worker productivity, wages and growth, which in turn will produce more tax revenue. Tax economists, however, are concerned that tax cuts will create huge budget deficits and higher interest rates, at least in the short term. Of course, planned cuts in government spending will help offset the shortfall. Oh, if we only had a crystal ball! And since 8 out of 10 businesses are organized as pass-thru entities (partnership or S corporation), their income is taxed at the individual rates, which may or may not find any significant decreases.

Never filed 1099's? Watch out for BIG Penalties!

It is **your** responsibility to make sure you file W-2's for your workers and 1099's for contractors and others. W-2's are generally not an issue, but many do not file 1099s. Beware of huge penalties you could be facing. Small businesses (gross receipts <\$5M) face the following penalties for non-filing or late filing for each 1099:

	Recipient Copy	IRS Copy
30 days late	\$50	\$50
By Aug 1 st	\$100	\$100
After Aug 1 st	\$260	\$260
Intentional failure	\$520	\$520

\$1040 per 1099 for non-filing can add up fast if you have 3 contractors, a renter, and an attorney who should have received 1099's from your, for a total of \$5200, and most have many more than this. **YOUR RESPONSIBILITY!**

Tax Planning for 2017

- Subject to 3.8% Investment Tax? Consider gifting investment items to your children. Be sure to file your gift tax return.
- Be sure to take your RMD by 4/1/17 if turned 70 ½ in 2016 (see strategy to give to charities)
- Lower AGI to keep itemized deductions, personal exemptions, and credits from being limited. Lower income and bunch deductions.
- Medical Deductions are limited to 10% AGI (exceptions no longer apply)

Government Websites:
<http://www.irs.gov>
<http://www.tax.virginia.gov>

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**New tax return due dates
(for 2016 returns):**

Congress recently approved new due dates for specific returns:

- 1040 (Individual): April 15th (same) / Oct 15
- 1120 (Corporation): April 15th (new)/Sept 15
- 1120S (S Corp): March 15th (same) / Sept 15
- 1065 (Ptrship): March 15th (new) / Sept 15
- FINCEN Form 114: April 15th (new) / Oct 15

NO CHANGES FOR VIRGINIA

Taking RMD's from your IRA? Want to make a charitable contribution but receive no tax deduction because you can't itemize? Consider having your IRA administrator transfer money directly to the charity, satisfying your RMD requirement (can do all or part), reducing your taxable income (1099-R taxable amount is only portion you receive after the charitable contribution) and reducing your AGI. Reductions in AGI could reduce the amount your social security is taxed, reduce the 3.9% net investment tax, reduce your capital gains tax, reduce Medicare part B&D premiums (based on your AGI), etc. So you get a significant impact by just following this one simple procedure. Discuss with us and your broker for additional information.

1040-ES Safe Harbor: If your AGI is over \$150K then the safe harbor is 110% of prior year's tax. If AGI is \$150K or less, then the safe harbor is 100% of prior year's tax. If you make these in 4 qtrly payments by the 1040-ES deadline, you should avoid any estimated tax penalties. Virginia requires 100% of the prior year or 90% of the current year. Avoid penalties!



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affordable. ProAdvisor since
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Sarah, Robby, Eric & Emily Wish For You
And Your Family A Joyful Holiday Season.
There Is No More Appropriate Time To Say
"Thank You!" We Encourage You To Be
Especially Mindful of God's Blessings During
This Special Season.

Happy Holidays!

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DOLLARS & SENSE 2016



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