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*** Please visit our website to request an organizer. Packets will be sent out in mid January or you can access it electronically.**

Tax Data Reminder

When you bring in your tax data, please make sure we have the following:

- Current address, phone number, email address and date of birth of all eligible dependents.
- W-2's, 1099-INT, 1099-DIV, 1099-MISC, 1099-B, 1098, 1098-T
- Booklets that you may have received from your brokerage firms with the year-end realized gains & losses statement, and anything else that you think we may need, for example, the closing documents on a home or new investments, how much you paid in personal property taxes, medical expenses, prescriptions, medical insurance, auto registrations-town portion only and charitable donations.
- If you are receiving a refund and would like to have your return E-Filed and or your refund deposited directly into your bank account please include a copy of a voided check from that account. You can also have your tax refund deposited into your IRA or savings account.

Retirement Plans

Contributions to your retirement accounts for 2017 and 2018 are listed below:

Deferral Limits for Plans	2017	2018
401(k)	$18,000	$18,500
SIMPLE	$12,500	$12,500
403(b)	$18,000	$18,500
457	$18,000	$18,500

Catch-up Contributions for Participants Age 50 or Older

401(k) Plans	$6,000
SIMPLE Plans	$3,000

IRA Contribution Limits

	Traditional	Roth
2017	$5,500	$5,500
Catch-up contribution	$1,000	$1,000
2018	$5,500	$5,500
Catch-up contribution	$1,000	$1,000

Significantly, the income limits affecting whether contributions to Traditional IRAs are deductible, and whether contributions to Roth IRAs can be made, are indexed to inflation.

As a reminder, Traditional IRAs allow you to deduct the amount of your contribution under certain circumstances, but your contributions and earnings are taxable when you withdraw them in retirement. Roth IRAs offer no deductions, but earnings are tax free when withdrawn in retirement. Along with the increase in IRA contribution amounts over the past few years, the Pension Protection Act makes permanent the higher contribution levels for other retirement plans, including 401(k) plans, SEP IRAs, and SIMPLE IRAs.

Roth Conversion

There is still no longer an income limit for taxpayers who want to convert regular IRAs into Roth IRAs. Anyone can convert money from a 401(k) plan or Traditional IRA to a Roth IRA, regardless of his or her income.

Saver's Credit

The Saver's Tax Credit allows certain taxpayers, depending on their adjusted gross income to claim a tax credit for contributions made to an IRA or an employer-sponsored retirement plan. The maximum credit that can be applied is up to $2,000 for an individual or up to $4,000 for a couple filing jointly.

Long Term Capital Gains

The tax rate on qualifying long-term capital gains and dividends will remain at 15% through 2017. Lower-income taxpayers can recognize long-term capital gains and qualified dividend income with no federal income tax through 2017.

Capital Losses

You may deduct capital losses dollar for dollar against your capital gains. An additional $3000 of capital loss is deductible against your other income. You may carry forward any unused capital losses for deduction on later tax years, subject to the same restrictions.

"Kiddie Tax"

The tax for children up to the age of 18 and students with investment income of more than $2,100 is figured at their parents' rate provided their earned income is not more than half of the child's support.

A dependent is a child who during any part of 5 calendar months of the year was enrolled as a full time student at a school.

Standard Mileage Rates for 2017 & 2018

Business	53.5 cents per mile	54.5
Medical / Moving	17.0 cents per mile	18.0
Charitable	14.0 cents per mile	14.0

When using the standard mileage rate, be sure to keep track of parking fees and tolls. They represent an additional deduction

If you are self-employed and take a car loan to buy a vehicle for use in your business, the loan interest is deductible to the extent of the business use. An employee's auto loan is nondeductible even if the car is used for business.

Remember, you have the option of keeping track and using standard mileage rates **OR** depreciating your vehicle and using the actual expenses: Tires, gas, oil changes, insurance, registration, repairs and maintenance.

Charitable Contributions

The rules regarding charitable contributions have been tightened. The IRS will now allow a taxpayer to deduct cash contributions to charities only if the taxpayer has a bank record or written document from the charity evidencing the contribution was not in exchange for any goods or services. Donations of clothing and household items must be in at least "good used condition" to qualify for a charitable income tax deduction. If the amount exceeds $500 then the actual receipts must be provided to allow us to fill in the additional forms required to take the deduction. The hours that you volunteer are not tax deductible although out of pocket expenses are. These expenses include lodging, meals, travel and transportation cost associated with traveling away from home on behalf of a charity. Gas, oil and other unreimbursed auto expenses incurred while performing services for a charity or 14 cents per mile plus tolls and parking and expenses associated with entertaining others on behalf of a charity may also be deducted.

Paying for College

Scholarships may be tax free provided the student is a candidate for a degree. The funds must be used for tuition and fees required for enrollment or for course-related fees, books, supplies and equipment. Scholarships spent on room, board, travel and other expenses are taxable as are scholarships that represent payment for teaching, research or other services.

Up to $2,500 of **interest** paid on qualified higher education loans is deductible. (Limited to interest paid the first 60 months of repayment). The interest deduction is phased out for higher income tax payers.

There are two tax credits for the payment of higher education expenses:
The American Opportunity Tax Credit is a credit of up to $2500 per eligible student for qualified tuition and related expenses paid for higher education. This credit is only available for the first four years of post secondary education. 40% of the credit is refundable. The amount of this credit is gradually reduced as taxpayer’s income increases.

The **Lifetime Learning** credit is limited to $2,000 per taxpayer return and is available for each additional year of post-secondary education including graduate school and eligible job training including non credit courses and graduate level work.

For 2017, there is an above the line deduction of up to $4000 for **qualified tuition expenses**. You cannot claim the tuition and fees tax deduction in the same year that you claim the American Opportunity Tax Credit or the Lifetime Learning Credit. You must choose to either take the credit or the deduction and should consider which is more beneficial for you.

In order to take any of the credits or deductions for education, you must provide us with the 1098-T form from the college.

Affordable Care Act Tax Provisions

Health Coverage for Older Children

- Health coverage for an employee's children under 26 years of age is now generally tax-free to the employee. These changes immediately allow employers with cafeteria plans — plans that allow employees to choose from a menu of tax-free benefit options and cash or taxable benefits — to permit employees to begin making pre-tax contributions to pay for this expanded benefit.

Health Savings Accounts (HSAs)

- **Eligibility.** A qualifying high deductible health plan (HDHP) must have a deductible of at least $1,300 for self-only coverage or $2,600 for family coverage and must limit annual out-of-pocket expenses of the beneficiary to $6,550 for self-only coverage and $11,300 for family coverage for 2017.
- **Employer contributions.** Cash contributions to the HSA are exempt from federal income tax withholding, social security tax, Medicare tax, and FUTA tax. For 2017, the IRS has set the following Annual Contribution limits (Employer + Employee) to:
- **2017:** Single - $3,400 Family - $6,750
- **2018:** Single - $3,450 Family - $6,900
- **The "catch-up"** contribution that can be made by individuals age 55 or older is $1,000

Increased Standard Deduction

Single/married filing separately: $6,350

Married or Qualifying Widow(er): $12,700

Head of Household: $9,350

The staff is available during our regular office hours of 8:00 am to 4:30 pm, if you have any questions.