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Client Information.....January 2017

Organizers and Appointments. Organizers are available on the website as well as a tax document checklist and several other items which might be useful to you at: <http://johngallocpa.com/forms/>

If you received this newsletter in the mail, there should be an organizer enclosed along with it. Please use the organizers and checklists to help you assure that you have all the necessary information together to prepare your income tax returns.

Please call to schedule your appointment as soon as possible. We are available most days if necessary. We do schedule most appointments for early morning, the evenings, or on Saturdays to try to work with your schedules as well as the schedules of our business clients. Make sure you have all information available prior to your appointment. We do expect scheduling to be fairly tight this year. If you have the ability to provide your information electronically or through the mail ahead of time, this would improve the efficiency of getting your return completed. When mailing information, do not use certified or registered mail. This can cause extensive delays as we are not in close proximity to a post office. We like to opportunity to meet with you, but we all have busy schedules and we can work in any manner that is beneficial to you.

The best way contact me is via email. If you call, please leave a voice mail. We are very busy managing several different business activities, but I will get back to you as quickly as possible.

NEW THIS YEAR...Importand deadlines: Forms 1099 and W2. The deadline for filing these forms with the IRS and Social Security has been shortened to January 31. They must be filed at the same time as they must be provided to the recipient now. There are substantial penalties for not complying with these requirements. Regular 1040 income tax return due date this year is April 17, 2017. Note that **Subchapter S Corporation AND partnerships due date is March 15, 2017.** Your personal return can be extended to October 16, and S corporation and partnership returns can be extended to September 15. The S corporation and Partnership return due dates are earlier than you might be familiar with. Be careful to meet them. Note that if I do not have your information prior to 15 days before the due date, it is possible that I will not be able to complete the return on time. Please allow adequate time for us to address any questions or missing information. My fee schedule does include a 25% additional fee for returns where information is not received prior to 15 days before a deadline and there is an additional fee if we must place your return on extension.

NEW THIS YEAR...Drivers License. I will need copies of Drivers License or other form of ID for all taxpayers and Spouses. This is a requirement instituted by the taxing authorities in order to combat Identity theft.

Homework. It is not uncommon for clients to leave their tax appointment with "homework"-a list of information the tax preparer still needs in order to complete the return. Please provide this homework as soon as possible to avoid backlogs or delays in processing your returns. If homework is not furnished before March 15, you can expect that your return will be placed on extension. Note that you still must pay your taxes by April 15 even if you are on extension. Also, any clients who have not signed the electronic filing authorizations prior to April 10 will have their returns put on extension.

New Clients. We thank you for the many nice referrals that you have sent to us over the past years. We have increased the amount of time available for new clients over the next year. This has opened up more capacity for income tax clients. So please keep us in mind if any of your friends, relatives or colleagues express a need for professional tax assistance. Good referrals are always appreciated. We are also expanding our business advisory and process improvement services. We are available on a year round basis for income tax, estate planning, business planning, process improvements, and personal financial planning consulting.

Charitable contributions. Please be aware that the IRS is requiring that charitable contribution documentation be very detailed. If you give cash, you must have a receipt from the charity and that receipt must have "magic words" on it. Those words must be to the effect that you did not receive anything of value for your contribution (other than intangible benefits). Without those magic words, the deduction will be disallowed. Non-cash contributions must also have a receipt. The IRS is not accepting the receipts that are typically given by charitable organizations which pick up or accept delivery of goods. The receipt must be filled out in detail at the time of donation. The detail must include a listing of the items donated and the values assigned to those items.

Repair and Capitalization Policies. New regulations went into effect during 2014 which will affect everyone who operates a business or has rental property. For most clients we recommend making an election to expense all purchases under \$2,500.

Mileage. The standard mileage rate for business miles during 2016 was .54. For 2017 it decreases to .535. Charitable mileage is .14 per mile and it is 17 cents per mile for medical or moving purposes. The business standard mileage rate must be documented at the time the miles are driven. You need to have some sort of mileage log to keep track of these miles or the deduction for them will be disallowed. In some cases, it may be better to use actual expenses rather than the standard mileage rate. Please discuss this with us. In any case, even if using actual expenses, you must still maintain documentation of the business mileage. Note that I must have actual numbers and you must have documentation to support them. I cannot use "same as last year".

Entertainment and meals. Another area where documentation must be kept in very good detail. First of all, meals are not deductible if you are just having lunch even if you are away from home. Meals are only deductible in a few very limited circumstances. If you are entertaining a customer, the meal is deductible up to 50% of the cost IF you properly document (usually on the receipt) who you were entertaining and what business was discussed during the meal. Those details must be listed or the deduction will be disallowed. (tips are 100% deductible in this situation). You may deduct 100% of meals provided to employees to facilitate overtime work, or for infrequent company parties.

Please forward any correspondence received from the IRS or state tax agency immediately. It would be best if you can scan it and email it or mail me a copy. Pictures taken on phones often do not appear legible on computer screens or do not print well. I often need to forward those copies back to the tax authorities involved, so they need to be legible.