

\*\*\* PLEASE READ BOTH SIDES \*\*\*

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At your earliest convenience, please  
Call our office for  
an appointment  
Time for Taxes!



Dear: Client,

Thank you for entrusting your 2016 tax return preparation to Berman and Sons. We look forward to being of service to you again this year. Please refer to the back page when gathering your information for this year.

⇒ **Important:** Please call at your earliest convenience to set-up your 2017 tax appointment. Appointments are filled on a first come, first served basis.

#### What's New?

The Affordable Care Act requires all individuals to maintain medical insurance coverage for the entire year or possibly be subject to additional tax/penalty. Form(s) 1095-A (federal exchange), 1095-B (insurer), and/or 1095-C (employer) are required. **If you were not covered for the entire year or you participated in the exchange, there will be an additional charge of \$100 (or more, depending on your circumstances) for the additional required paperwork.**

**FEDERAL** – the tax legislation passed in December applies predominately to tax years beginning after 2017. Residential energy credit, mortgage insurance premium and college tuition and fees deductions had expired 12/31/16.

**ILLINOIS** – in July 2017, the state of Illinois enacted significant changes for IL taxpayers. The IL tax rate increased to 4.95% effective for the 2<sup>nd</sup> ½ of the year, creating additional challenges for IL taxpayers – and additional paperwork has been added for certain credits and deductions. Additionally, higher income taxpayers can no longer claim personal exemptions, property tax credit or education credit.

For those taxpayers eligible to claim the Earned Income Tax Credit or the Additional Child Tax Credit, additional documentation may be required in order to secure the credit. **Refunds for those returns will be delayed until after February 15<sup>th</sup>.**

**Items affecting the majority of our clients are included in those listed below.**

#### Highlights

- √-Sale of stocks or mutual funds require additional paperwork (see page 2 for basis details.)
- √- 0% tax on capital gains (and capital gain distributions from mutual funds) for those in the 10% or 15% tax bracket.
- √-Charity – No “cash donations” without receipt from charitable organization. You must have a receipt or proof of payment for each and every item claimed on your return. (bring receipts/proof.)
- √-“Kiddie Tax” now applies to dependent children under age 24. Applies to nonwage income in excess of \$2,100.
- √-Sales tax deduction for some taxpayers. Bring receipts for large purchases (autos, boats, campers, building materials.)
- √-Teacher’s classroom supply deduction (max \$250 per employee, federal & state [new law].) Includes cont education costs.
- √-Illinois Education Credit for K-12 (**increased to \$750.**) Bring receipt for tuition/fees paid. School may provide Schedule ED.
- √-Child tax credit (Maximum \$1000 ) for each child under age 17. AGI limits apply.
- √-Donations of automobiles to charity require form 1098-C (Charity must provide.)
- √-College education credit - Maximum \$2,500 per student. (**See back page for required documentation.**) AGI limits apply.

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## \$\$ Referral Drawing \$\$

You can win up to **six, \$100 cash prizes**. All you have to do is refer a "New" client to us for tax preparation. "New" means we did not prepare their 2016 tax return. Ask them to let their preparer know they were referred by you. We will enter your name into the referral drawing. We will pick **six** winning referrals. There is no limit to the number of entries you may have. Referral cards are also available in our office.

### INFORMATION NEEDED TO PREPARE YOUR TAX RETURNS

#### In addition to page 1 items

1] All W-2 (wages), F-1099R (pension), W-2G (gambling winnings), F-1099MISC (contract labor), F-1099INT (interest earned), F-1099DIV (dividends earned and interest earned from savings bonds). F-1099G (State refunds) along with any K-1's (partnership, Sub-S, trust/Estate income.)

a] Cancellation/Reduction of debt (Form 1099-C). (**credit card, home loans, etc**) This is reportable income.

b] Short sale, foreclosure on or repossession of real estate. (Form 1099-C or 1099A) May be taxable.

2] Statements showing the amount of unemployment or social security (or SSI) benefits received.

Unemployment recipients may have to access their tax statement via their online account.

3] ITEMIZED DEDUCTIONS (Sch A):

**Medical Expenses Paid:**

Health Insurance	\$
Other Expenses	\$

**Real Estate Taxes Paid: *Bring tax bill***

Primary Residence	\$
Other property(non-rental)	\$
*Sales Tax(large purchase)	\$

\*bring receipts

**Mortgage Interest Paid:** (F-1098's)

Primary Mortgage	\$
Equity/2nd Mortgages	\$

**Charitable Contributions: **MUST have receipts****

Cash/Checks	\$
Non-Cash Items Value **	\$

\*\* IF OVER \$500. BRING DETAILED RECEIPTS STATING VALUE OF ITEM(S).

**Employee Exp.'s:**

Union/Prof. Dues	\$
Job Education	\$
Small tools	\$
Uniforms	\$
Safety boots/clothes	\$
*Other _____	\$

\*Please Detail

4] Child care expenses, including REQUIRED information: Name, address and Tax ID# or SS# of provider(s).

a) Required even if you had dependent care assistance through your employer

5] Any other items of income or expense you feel may be applicable to your tax return, including:

a) Cost of college tuition (Form 1098T required) and fees paid for yourself or dependents, including books and classroom materials.

Student account activity statement or other proof of payment and book receipts are required.

b) College loan interest paid (include Form 1098E).

**\*\* IN ADDITION \*\***

If you sold stock or mutual fund shares, or **exercised employee stock options**, we need BOTH the purchase AND sale papers, including 1099-B's. You must obtain complete 1099B including gain/loss detail on stock/fund sales from brokerage firm.

\*\*These may be issued after February 1st.

**If you bought OR sold a home or investment real estate in 2017, please bring:**

- Closing papers from the SALE and original purchase papers if investment property (or second home) was sold.
- Closing papers from the PURCHASE of any new property.

If you are involved in any of the following, we have special worksheets that will help you gather the proper tax information.

**Please call our office for any of the following worksheets you may need, if they were not included with this letter.**

**Most of these worksheets can be downloaded from our Web page.** [www.bermansons.com](http://www.bermansons.com)

- [A] Business/work use of personal automobile and you were not reimbursed (also required if self-employed )
- [B] Purchase of rental property (bring closing papers.) Includes conversion of residence to rental property.
- [C] Rental Income/Expenses
- [D] Self-employment income - specify type of business as we have some custom worksheets.
- [E] Unreimbursed moving expenses, due to a change of work location (Must move over 50 miles)
- [F] Exclusive use of a **home office** to operate a business, perform substantial administrative duties for your business OR use of your home to provide daycare services.