

# Important Tax Considerations

## January 2017

**If the IRS is trying to reach you, their first contact is usually through the mail.** The IRS does not use email, text messages or any social media to discuss your personal tax issues involving bills or refunds. Be aware, there has been a surge of aggressive and threatening phone calls by criminals impersonating IRS agents. These callers may demand money or may say you have a refund due and try to trick you into sharing private information. These con artists can sound convincing when they call. They may know a lot about you. Don't be taken in and don't engage these people over the phone. Likewise, do not respond to any authentic-looking emails purported to be from the IRS. To do so could expose you to identity theft.

**For Businesses:** Many small employers that pay at least half of the premiums for employee health insurance coverage may be eligible to claim the Small Employer Health Insurance Credit. The credit is specifically targeted to help small businesses and tax-exempt organizations that employ 25 or fewer workers with average wages of \$50,000 or less. Insurance must be purchased through Washington HealthPlanFinder Business. If you think you qualify, please call us to discuss.

**For Businesses:** In early 2017, you will be receiving a **1099-K** from a *Payment Settlement Entity (PSE)*. This informational form (furnished to both you and the IRS) will report money you **received** via credit cards and on-line payments in 2015. **Make sure you include your 1099K in the data you provide to us!**

**Clients with foreign bank accounts:** Beginning in tax year 2016, your Foreign Bank Account Report (FBAR) filing deadline is the 1040 filing due date in April, instead of June 30<sup>th</sup>. When necessary, you may now extend this filing deadline by 6 months to Oct 15<sup>th</sup>. Contact us if you think you need to file this report.

### **Items that Congress has extended or made permanent for the 2016 Tax Reporting Year:**

Deduction for state and local sales taxes in lieu of state and local income taxes – made permanent

Tuition and fees deduction/credit – extended through 12/31/16

Tax-free distribution from retirement accounts for charitable purposes – made permanent

Exclusion for personal residence cancellation of debt income – extended through 12/31/16

50% bonus depreciation for qualified purchases – extended through 12/31/17

### **Capital Gains and Dividends Tax:**

20% for taxpayers in the 39.6% tax bracket

The 15% rate will continue for taxpayers in the 25%, 28%, 33% and 35% brackets

The 0% rate will continue for taxpayers in the 10% and 15% brackets

### **Investment Surtax:**

3.8% tax on net investment income for singles with a *modified adjusted gross income (MAGI)* over \$200,000 and for couples who file jointly over \$250,000.