



HUTCHINSON, GILLAHAN & FREEH, P.C.  
ACCOUNTANTS, AUDITORS & CONSULTANTS

December 2015

Dear Clients,

“It’s the most wonderful time of the year!”.....Yes.....Welcome to Tax Season 2015. Congress is once again making tax season more challenging due to the fact that many tax provisions that expired in 2015 will possibly be extended. However, as of this writing, no law has been passed to do so. This may lead to filing delays and many questions. Of course, please feel free to contact us directly to ask questions. We would rather answer a question during the year than have to deal with a problem at the end of the year, and we don’t charge a fee to answer questions unless we inform you that they require research or significant amounts of time.

**In an effort to help you prepare for tax season we would like to highlight the following:**

- If you will be claiming a dependent on your 2015 tax return that will be filing their own return, please be sure to inform them that you are claiming them as a dependent and, as a result, they are not eligible to claim themselves. Failure to properly coordinate could result in filing issues and delay refunds.
- 2015 is the first year for many of the health insurance reporting requirements. If you have health insurance you should receive a 1095 form for each plan in which you participate. Please be sure to **include all 1095 forms you receive** with your tax information. We will need them to prepare your returns.
- With the rise in identity theft issues, many taxpayers have requested an IP PIN from the IRS. If you have been assigned an IP PIN you must provide this to us. **The IRS will reject any return for a taxpayer that was assigned an IP PIN if that PIN is not reported on the return.**
- If you are claiming an education tax credit for higher education tuition paid, **you must provide us with the IRS Form 1098T** provided to the student by the educational institution.
- If you receive any correspondence from the Internal Revenue Service or any other taxing agency, please contact us immediately to determine its validity and proper response. Failure to respond quickly may jeopardize your chances for proper resolution.
- If you must issue 1099 forms for deduction you claim for your business or rental property please remember to **get completed W-9 forms from any vendors to who you paid \$ 600 or more in 2015..** If you have any questions regarding your need to file 1099’s please feel free to contact our office.
- We are able to receive client computer files through the secure client portal on our website. If you have computer files that are crucial to your tax preparation and you prefer to transmit them electronically please let us know so set you up with a portal.

In addition to our tax services we want to make sure that you are aware that we also offer estate and retirement planning services as well as a myriad of estate and trust tax preparation services, nonprofit and governmental auditing, tax preparation and accounting services, business bookkeeping and consulting services and various other accounting services. Please see our website for a more complete listing.

Once you have gathered your tax records please drop them off at our office at your convenience. It is usually best to wait until you have gathered all your information before you deliver it to us. If you need to go over your tax situation with your preparer please call our office to schedule an appointment. And remember.....tax information received after April 1, 2016 (**March 1, 2016 for corporations**) will likely require an extension and a delay in filing.

We wish you a Happy Holiday Season and look forward to working with you in the New Year.

Sincerely,

*Hutchinson, Gillahan & Freeh, P.C.*



## 2015 Year End Tax Guide

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**TO: HG&F Tax Clients**

## **2015 ENGAGEMENT AGREEMENT**

You are responsible for providing all information required for the preparation of complete and accurate returns and for providing that information to us in a timely manner.

We are responsible for preparing the required Federal, State and Local tax returns based on the information you provide, and further based on laws in effect at the time. We do not include financial statements unless specifically requested.

While we may ask for clarification of some items we do not attempt to verify any of the information you provide. We request that you answer all questions on the questionnaire which accompanies this agreement.

Our work will not include any procedures to discover defalcations or irregularities. The only accounting or analysis work we will perform will be that which is necessary for preparation of the returns. If we do happen to see any irregularities we will bring them to your attention.

We make every effort to check our work before we release the completed returns to you; however, you have the final responsibility for the tax returns so we encourage you to review the return before filing to be sure all income is included and all deductions have been considered. If you are unsure of any information please bring it to our attention.

In the unlikely event your return(s) is (are) selected for audit by a taxing authority we can arrange to represent you. Such representation would be a separate engagement and would be billed accordingly.

Our fees to prepare returns are based upon the complexity of the work involved and the amount of time required for organizing, posting and processing the information. We encourage you to organize your information as well as you can to minimize the amount of time we must spend. The HG&F organizer and our questionnaire on our website may help you organize your documents and alert you to items that you may have over looked. Completing those forms will assist us in making sure you are well served for a reasonable fee. You represent that the information you are supplying to us is accurate and complete to the best of your knowledge and that you have disclosed to us all relevant facts affecting the returns. This will include the ownership of or signature authority over any foreign bank accounts and the ownership of any other foreign financial assets. We will not verify the information you give us; however, we may ask for additional clarification of some information.

We will retain copies of your returns for a minimum of 3 years from the date of preparation after which the returns and supporting documents may be shredded. We will return all original supporting documents to you, which you should retain for at least three years from the filing date. Any documents supporting asset purchases or long-term contracts should be retained as long as you own the assets and/or the contracts are active plus the three years from the date of filing of the tax return on which you report their sale or disposition.



TO: HG&F Tax Clients

## 2015 ENGAGEMENT AGREEMENT

We are not permitted to disclose any of your personal information to anyone, even if you request that we do, without a written Consent form prepared by us and signed by you, authorizing the release.

Because of the possibility of misunderstanding, we caution you not to rely on any tax advice that is not written.

We have recently been advised that preparers are no longer permitted to file extensions without authorization from the taxpayer involved. We will consider delivery of your paperwork as conclusive that you desire that we file appropriate extensions if, for some reason, the return is not ready by the filing deadline.

In the event of any misunderstanding or disagreement arising under the terms of this agreement. Any such dispute will be interpreted and governed in accordance with the laws of Pennsylvania. All parties agree to resolve any differences through arbitration.

**If you have not delivered your paperwork and want us to file an extension on your behalf please call our office before the filing deadline and request an extension.**

*Hutchinson, Gillahan & Freeh, P.C.*

Acknowledged Date: \_\_\_\_\_

\_\_\_\_\_  
Taxpayer

\_\_\_\_\_  
Spouse

**Please read and sign before filling out the organizer.**

**NOTE: Delivery of your tax documentation to our office is conclusive that you have read and agree to the provisions of this agreement.**



## TAX PLANNING TIPS

1. When **selling securities**, consider when you'd rather pay capital gains taxes. Under current law, the Trade Date is considered to be the date of sale. Capital gain tax rates have gone up for 2015.
2. **Social Security Numbers** are required for each of your dependents (age 1 and over). The IRS may deny exemptions and/or head of household status if social security numbers are not provided or do not match the names. Please double check your dependents' social security numbers.

**CAUTION: Make sure your dependents do not claim themselves if they file their own return. If this happens you will be denied the exemption and will not be able to file electronically. This will require correction with the IRS and could add costs to your return preparation.**

3. Itemized deductions may allow for a greater deduction than the standard deduction which is based on filing status, age, etc. However, **itemizing is beneficial only if the total is more than the standard deduction**. You may consider timing your payments for itemized deductions in order to maximize your deduction for a given year. Some suggestions are:
  - a. Consider paying your final State and Local estimated income tax payments, which are due 1-15-16, before 12-31-15 to increase your itemized deductions for 2015.
  - b. If you're planning to make charitable contributions, consider making them in 2015 as opposed to 2016 to increase your itemized deductions for 2015. Its tax wise to consider contributing appreciated assets. Call us for details.
  - c. Interest payments for your mortgage and investments may increase your itemized deductions. Other personal interest is not deductible, except student loan interest. Interest paid for business purposes remains deductible as a business expense.
  - d. **CASH BASIS** taxpayers planning to itemize should pay as many deductible bills as possible before 12-31-15 to maximize their itemized deductions for 2015. **ALTERNATIVE** – Hold this year's payments and double-up next year, if you're on the edge of being able to itemize.
4. **IRA's**: may be opened after year-end and contributions must be made by 4-15-16 to be deductible for 2015. Deductibility of IRA payments may be limited by your total income and marital status.
5. **KEOGH**: Self-employed individuals planning to make deductible **KEOGH** contributions must open the account before 12-31-15. KEOGH payments must be made by the due date of the return **including extensions**.
6. **SEP**: plans may be established and payments are deductible if completed prior to the due date of the return **including extensions**.



## 2015 INCOME TAX ORGANIZER AND TAX GUIDE



This booklet is to assist you in compiling all of the necessary information to help us prepare your tax return accurately.

If you decide not to fill out this booklet, it is important that you still fill out page three (3) to keep our records up to date.

### **PLEASE ATTACH:**

- All W-2 Statements.
- All 1099's
  - 1099-DIV (Dividends)
  - 1099-INT (Interest)
  - 1099-B (Brokers)
  - 1099-R (Retirement)
- All Tax Forms you receive
- All Forms 1095 and/or 1099-H for Health Insurance Coverage.

**APPOINTMENTS AND/OR TAX DOCUMENT DELIVERY AFTER APRIL 1, 2016, MAY REQUIRE EXTENSIONS.**

Please answer all questions on this page.

If we prepared your prior return and the information is unchanged write "**SAME**".

**Taxpayer:** **SSN#** \_\_\_\_\_  
 \_\_\_\_\_ **DOB** \_\_\_\_\_  
 \_\_\_\_\_ **Occupation** \_\_\_\_\_

**Spouse:** **SSN#** \_\_\_\_\_  
 \_\_\_\_\_ **DOB** \_\_\_\_\_  
 \_\_\_\_\_ **Occupation** \_\_\_\_\_

**Address: (New?)**      **Yes/No** \_\_\_\_\_

Street: \_\_\_\_\_  
 City, State & Zip \_\_\_\_\_  
 School District \_\_\_\_\_

<b>Contact Information</b>	<b><u>Taxpayer</u></b>	<b><u>Spouse</u></b>
Home:		
Work:		
Cell:		
Email:		

Did your <b>marital status</b> change during the year? Do you want \$3.00 of your taxes to go to the <b>Presidential Election Campaign</b> ?	<b><u>Yes/No</u></b> _____ _____
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**DEPENDENTS**

List children for whom you are entitled to an exemption.

<u>NAME</u>	<u>DOB</u>	<u>SSN#</u>

Other Dependents (less than \$4,000.00 Gross Income)

<u>Full Name</u>	<u>DOB</u>	<u>SSN#</u>	<u>Relationship</u>

Yes/No

Did you provide more than ½ of their support? \_\_\_\_\_

**Parent's Note:**

1. Parents claiming non-custodial dependent children under signed agreements – a **FORM 8332** (release), signed by the custodial parent, must be attached.
2. All children one year or older must have a social security number in order to claim the exemption.
3. Any child under age 18\*, with unearned income over **\$1,000.00**, must file a tax return. Children's unearned income of more than **\$2,000** is taxed at the parents' tax rate.

**\*NOTE: CHANGE IN AGE.**



**INCOME**

Taxpayer

Spouse

How many **W-2 Forms** do you have?

\_\_\_\_\_

\_\_\_\_\_

How many **1099-R (Retirement) Forms** do you have?

\_\_\_\_\_

\_\_\_\_\_

Yes/No

Were any of these distributions rolled over?

\_\_\_\_\_

**INTEREST INCOME**

	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$

**NOTE: Please provide all ORIGINAL 1099-INT'S.**

**INTEREST**

Include **NON-TAXABLE MUNICIPAL BONDS**  
(Must be shown on return even though non-taxable)

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

**DIVIDEND INCOME**

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

**NOTE: Please provide all ORIGINAL 1099-INT'S and 1099-DIV's.**

**MISCELLANEOUS INCOME**

State and Local Income Tax Refunds	\$ _____
Alimony (Not Child Support)	\$ _____
Farm*	\$ _____
Rental* (Include days rented and days used personally)	\$ _____
Sole Proprietor*	\$ _____
Partnerships**	\$ _____
Small Business Corporations (“S” Corp.)**	\$ _____
Estate/Trusts**	\$ _____
Unemployment Compensation*	\$ _____
Social Security Benefits*	\$ _____
Jury Duty (Other Public Service)	\$ _____
Tips/Gratuities (Not Reported)	\$ _____
Prizes/Awards/Contest Winnings	\$ _____
Commissions/Bonuses (Not Reported)	\$ _____
Disability Pay	\$ _____
Retirement Income*	\$ _____
Gambling (Attach W-2G’s/Lottery Winnings (\$_____ 2015 Losses)	\$ _____

**\*Please provide ALL ORIGINAL INCOME /EXPENSE SCHEDULE(s) and/or 1099-MISC’s.**

**\*\* Please provide ALL ORIGINAL K-1’s.**

**NON-TAXABLE INCOME**

Child Support or Assistance	\$ _____
Veterans Benefits	\$ _____
Workmen’s Compensation	\$ _____

**CAPITAL GAINS AND LOSSES**

**Sales of Property / Real Estate / Stocks / Bonds, Etc.**

Name of Company/Shares	Date Acquired	Date Sold	Sales Price	Cost	Profit/Loss
_____	_____	_____	\$ _____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____	\$ _____
_____	_____	_____	\$ _____	\$ _____	\$ _____

**NOTE: Please provide ALL 1099-B'S.**

**NOTE: If You Sold Tax Free Municipal Bonds, You Must Report The GAIN or LOSS.**

**PURCHASE OR SALE OF PERSONAL RESIDENCE**

Did you use the residence exclusively as a residence in 2 out of the 5 years preceding the date of sale? If yes, skip to page 9; if no, complete below.

Date Old Residence Acquired \_\_\_\_\_

Original Cost \$ \_\_\_\_\_

Improvements \$ \_\_\_\_\_

**O** Fixing Up / Repair Expenses \$ \_\_\_\_\_

**L** Date When Old Residence Sold \_\_\_\_\_

**D** Expenses of Sale \$ \_\_\_\_\_

Was Any Part Ever Used for Business **Yes/No** \_\_\_\_\_

**\*NOTE: Please provide settlement sheets from PURCHASE AND SALE of property sold.**

**ITEMIZED DEDUCTIONS - MEDICAL**

	<u>Taxpayer</u>	<u>Spouse</u>
Prescriptions	\$ _____	\$ _____
	\$ _____	\$ _____
	\$ _____	\$ _____

**MEDICAL INSURANCE – PAID DIRECTLY BY YOU**

	<u>Taxpayer</u>	<u>Spouse</u>
Blue Cross / Blue Shield / Major Medical	\$ _____	\$ _____
Long-Term Care	\$ _____	\$ _____
Other Health Care Insurance	\$ _____	\$ _____

**NOTE: If you purchased your health insurance through the exchange at a discounted rate we MUST have your 1095 and/or 1099H Form.**

**MEDICAL COSTS PAID TO DOCTORS OR OTHER PROVIDERS**

List by Name

	\$
	\$
	\$
	\$
	\$

**MEDICAL TRANSPORTATION, LODGINGS, ETC.**

**Lodging Expenses – Travel for Medical:**

Treatment (up to \$50.00 per night away from home)	\$ _____
Transportation (number of miles) (\$.23/mile)	\$ _____
Parking and Tolls	\$ _____
Reimbursements made directly to you by Medicare or other insurance plans.	\$ _____

**TAXES**

Real Estate (Home)	\$ _____
Real Estate (Other)	\$ _____
Property Tax Rebates	\$ _____
Occupation Privilege / Local Services Tax	\$ _____

**OTHER STATE OR LOCAL TAXES PAID**

List in Detail

	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____

**NOTE: Per Capita Taxes, Auto Tags, Driver’s Licenses and Gasoline Taxes are NOT deductible as personal expenses.**

**SALES TAXES: May not be deductible for 2015 in lieu of state and local income tax.  
SALES TAXES: NOT expected to be deductible for 2016 barring a change in the law.**

**ITEMIZED DEDUCTIONS (CONT.)**

**Interest Paid\***

Home Mortgage-Financial Institution	\$ _____
Home Equity Loan	\$ _____
Home Mortgage-Individual	\$ _____
Investment Interest	\$ _____

**List Name, Address and SSN# of Individual Holding Mortgage**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**NOTE: If claiming interest on home equity loan(s), please provide the following:**

<u>Home Interest</u>	<u>Amount</u>
Cost of Home	\$ _____
Improvements to Home	\$ _____
Fair Market Value of Home	\$ _____
1 <sup>st</sup> Mortgage (Statement showing beginning and ending balances)	\$ _____
2 <sup>nd</sup> Mortgage (Statement showing beginning and ending balances)	\$ _____
Date of Loan	_____
Home Equity Loan	\$ _____
Reason Borrowed: _____	
Line-of-Credit	\$ _____
Reason Borrowed: _____	

**\*Credit Cards and other personal interest are not deductible.**

**ITEMIZED DEDUCTIONS (CONT.)**

1. **Contributions** – Cash (with receipt) or Check (list all Contributions Given). **ALL** donations now require a receipt or bank record regardless of amount.

<u>Organization</u>	<u>Amount</u>
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

2. **Non-Cash Contributions** (Must be in **“GOOD”** or better condition)

<u>Organization &amp; Address</u>	<u>Date</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____

3. **Charity Travel Miles** (.14¢ per mile) \$ \_\_\_\_\_

**NOTE:** If you contributed appreciated property valued at \$5,000 or more (other than marketable securities) you must have an appraisal.



**RETIREMENT PLANS**

Yes/No

Do you or your spouse have an **IRA**? \_\_\_\_\_

If so, list the amount you have contributed or intend to contribute for this year.

**IRA payments made -**

	Type**	Amount Contributed		Date Paid
		Taxpayer	Spouse	
2015 for 2015	_____	\$ _____	\$ _____	_____
2016 for 2015	_____	\$ _____	\$ _____	_____

\*\* T = Traditional or R = Roth

Yes/No

Are you or your spouse covered by a pension plan? \_\_\_\_\_

If either spouse is an active participant under a Pension Plan, you may not be entitled to a regular **IRA DEDUCTION** – consider a **ROTH IRA**.

**AUTOMOBILES USED IN BUSINESS**

	Total Miles	Business Miles	Commuting Miles	Personal Miles
Jan-Dec (57.5¢/mi)	_____	_____	_____	_____

Beg. Yr Odometer \_\_\_\_\_ End Yr. Odometer \_\_\_\_\_

Yes/No

Do you have written evidence to support your vehicle mileage? \_\_\_\_\_

Do you have another vehicle for personal purposes? \_\_\_\_\_

**If your employer provided you with a vehicle, is Personal use during off duty hours permitted?** \_\_\_\_\_

**MISCELLANEOUS DEDUCTIONS**

Union Dues	\$ _____
Professional Dues	\$ _____
Tax Preparation Fees	\$ _____
Safe Deposit Box	\$ _____
Business Publications	\$ _____
Small Tools and Safety Equipment	\$ _____
Educational Expense	\$ _____
Uniforms (not suitable for Street Wear)	\$ _____
Casualty Losses (Non-Reimbursed)	\$ _____
Employment Agency Fees	\$ _____
Other	\$ _____

**ADJUSTMENTS TO INCOME**

Moving Expenses (Attach List)	\$ _____
Employee Business Expense (Attach List)	\$ _____
Alimony Paid	\$ _____
Recipient's Last Name: _____ <span style="margin-left: 200px;">Recipient's SSN# _____</span>	
HSA/MSA Contribution	\$ _____

**Education:** (Attach 1098-T and/or Receipts for Payments made)

	Dependent	Taxpayer	Institution	Amt. Paid
529 Contribution	_____	_____	_____	\$ _____
Tuition Paid	_____	_____	_____	\$ _____

**SPECIAL DEDUCTIONS – CHILD AND DEPENDENT CARE**

Dependent	DOB	Relationship
A. _____	_____	_____
B. _____	_____	_____
C. _____	_____	_____

To Whom Paid	Taxpayer ID	Amount Paid
A. _____	_____	\$ _____
B. _____	_____	\$ _____
C. _____	_____	\$ _____

**REFUNDS RECEIVED LAST YEAR**

Federal	\$ _____
State	\$ _____
Local	\$ _____
<b>Carryover from 2014**</b>	
Federal	\$ _____
State	\$ _____
Local	\$ _____

**\*\*NOTE: If Last year's tax return showed that your overpayment was to be credited and instead it was refunded to you, please let us know as this will change your current year tax return.**

Please fill in your payments even though we provide you with the recommended estimated tax payment – we have no way of knowing if the payments were made as recommended.

**ESTIMATED TAX PAYMENTS**

Due	Date Paid	Check #	Federal	State	Local (T)	Local (S)
Payment 1 (4-15)	_____	_____	\$ _____	\$ _____	\$ _____	\$ _____
Payment 2 (6-15)	_____	_____	\$ _____	\$ _____	\$ _____	\$ _____
Payment 3 (9-15)	_____	_____	\$ _____	\$ _____	\$ _____	\$ _____
Payment 4 (1-16)	_____	_____	\$ _____	\$ _____	\$ _____	\$ _____
		<b>TOTAL</b>	\$ _____	\$ _____	\$ _____	\$ _____

**IMPORTANT**

If you receive any notices from any taxing authorities, please forward them to our office for review before making any payments.

Also, if you find that you are not going to make an estimated payment or cannot make a payment, please notify us immediately so we can keep your records up to date to process your taxes for next year.

**Your cooperation is greatly appreciated.**

**Other Questions or Comments:**

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**INCOME**

1. Be sure you have your **W-2's** and **1099's** (forms showing amounts paid to you).
2. Gather all records of **any money received** in **2015** from the sale of stocks, bonds, or real estate. Provide **ORIGINAL 1099-B or 1099-S** forms from Brokers – we will return the documents to you.
3. **Social Security** and **Tax Exempt Income** has to be considered, so please provide these forms as well.
4. Any other money, goods or services you received without charge from any source may have a bearing on your income tax returns, so please make note of all such amounts.

**DEDUCTIONS AND EXEMPTIONS**

Year	Exemptions	Standard Deductions				
		Single	Married Joint	Married Separate	Head of Household	Qualifying Widow(er)
2015	\$ 4,000.00	\$ 6,300 *(+1,550)	\$ 12,600 *(+1,250)	\$ 6,300 *(+1,250)	\$ 9,250 *(+1,550)	\$ 12,600 *(+1,250)

\*Per person – add for Blindness or 65 and older.

If you can itemize more than the standard deduction amounts you will need to gather the totals listed in A through G below. Standard deductions for persons eligible to be claimed as a dependent by someone else are limited to the **greater of \$1,000 or \$350** plus their earned income (up to their standard deduction).

**A. MEDICAL**

1. You now have to absorb up to **10%** of your total income in medical expenses before the excess medical expenses are deductible. Age 65 or older remains at **7.5%**.
2. List your costs including any **amounts paid to doctors, dentists, hospitals, and nursing homes, etc. and health insurance** (including **Long-Term Care insurance** within limits (keep separate).
3. List your cost of **Prescription** medicines and drugs.
4. List amounts paid for **medical items** such as glasses, hearing aids or other expenditures for medical reasons.
5. **Transportation** – miles traveled to and from doctors, hospitals, etc. are deductible at .23¢ per mile. Actual costs of other medical travel may also be deductible.

**B. INTEREST COSTS**

1. **Mortgage** – We need the Form(s) 1098 provided by your lender(s) for your regular mortgage and/or home equity loan(s).
2. **Investment Interest** – Interest paid on loans used for investment. (Subject to limits).

**C. TAXES**

1. Amounts paid for **Real Estate taxes**.
2. Other Taxes – **Occupation, Personal Property**, etc.
3. State and Local Income **Taxes**.
4. Sales Tax is may **NOT** be deductible for 2015 – Pending Congressional action.

**D. CASUALTY LOSSES**

Only the excess over 10% of your Adjusted Gross Income (AGI) plus \$100 is deductible.  
A casualty may result in a gain depending on insurance payments received. Provide all details.

**E. CONTRIBUTIONS**

Prepare a list of everything you contributed to charity. If you have a receipt put an “R” next to that item. Remember, the more receipts you have the more solid your deduction, if you are audited by the **IRS**. Don’t forget mileage for charity work at .14¢ per mile, and expenses you incurred in doing charity work. Penalties apply for greatly overvaluing items contributed to charity so make sure your values are realistic if you gave items other than cash. Valuations of \$5,000 or more for non-cash donations must have a bonafide appraisal attached to the return. Valuations of \$500 or more for non-cash donations must be itemized in detail.

**SPECIAL NOTE:** Contributions of \$250 or more **MUST BE** documented with a receipt from the charity.

**ALL** contributions now require a receipt or bank record – even cash donations. Clothing must be in good condition.

**F. SPECIAL DEDUCTIONS AND CREDITS**

- Job Hunting & Moving Exp.
- Child Care Costs
- Disability Income Credit
- Disabled Access Credit
- Adoption Expenses
- Educational Expenses
- Safe Deposit Boxes
- Sale of Personal Residence
- Retirement Acct. (IRA, Keogh or SEP)
- Employee Business Expenses
- Alimony Payments
- Student Loan Interest
- Health or Medical Savings Acct.

**G. DOMESTIC WORKERS**

The Social Security Domestic Employment Reform Act of 1994 requires that you compute and pay Social Security taxes on wages paid to any domestic employee who is paid \$1,900 or more during the year. Unemployment taxes apply, if you paid \$1,000 or more in any quarter.

**If you think any of these areas involve you, give us a call so we can check. Complicated conditions frequently apply and often change.**

**GENERAL INFORMATION NEEDED**

- A. **Estimated Tax Payments** – Dates and amounts paid **toward** 2015 Federal, State and Local Income Tax Liabilities. (Other than withholding.)
- B. If you had any **Stock or Real Estate Transactions**, we’ll need to know purchase dates and costs as well as sale dates and proceeds. We need settlement sheets for real estate, and broker statements for stocks. Brokers report stock sales to the IRS and to you with a 1099-B and Real Estate Sales with a 1099-S. We will need copies of those forms. We also need the gain/loss statements from brokers.
- C. If you have a **Rental Property** we’ll need to know the total rent received and totals of all expenses during the year, summarized by type of expense.
- D. In order to take advantage of the **IRA deduction** you must make your payment on or before April 15, 2016. Alimony received may now be considered when determining the IRA contribution you may make for the year. Check with us on limitations on deductibility, if you or your spouse is covered by a pension plan. We need to know amounts paid. SEP-IRA’s must be funded by the due date of the return.
- E. Please note: If you will be claiming an exemption for a dependent that is at least 1 year old you **must provide a social security number (TIN)** for that person on your return. If you have a dependent who does not have a social security number contact the nearest social security office and obtain one before filing your 2015 return. Lack of the correct TIN may result in loss of exemption, credits and/or favorable filing status.

Obviously, there are many other possibilities for deductions, which we will go over with you when we gather the information for your return. In the meantime, if you believe you have a deduction but aren’t sure, please call and we’ll let you know if you do and what records you’ll need to substantiate it.

**PERSONAL QUESTIONNAIRE**

**NAME:** \_\_\_\_\_

PLEASE: Take the time to answer the following questions **BEFORE** your appointment or dropping off your tax information. The questionnaire is not only intended to save time but more importantly, to ensure that important information is not over looked while preparing your tax returns. If you need help with any of the questions, put a “?” to the left of the question(s) and we’ll discuss it.

**GENERAL QUESTIONS**

**Yes No (Mark Y for Yes or N for No)**

- \_\_\_\_ \_\_\_\_ 1. Did you change your address or move during the year?
- \_\_\_\_ \_\_\_\_ 2. Did you or your spouse change jobs or employers?
- \_\_\_\_ \_\_\_\_ 3. Do you want \$3.00 of your tax to go to the Presidential Election Campaign?
- \_\_\_\_ \_\_\_\_ 4. Did your marital status change?
- \_\_\_\_ \_\_\_\_ 5. Can someone else claim you as a dependent?
- \_\_\_\_ \_\_\_\_ 6. Are you or your spouse age 65 or over, and/or blind?
- \_\_\_\_ \_\_\_\_ 7. List the names and social security numbers of any new dependent:  
\_\_\_\_\_  
\_\_\_\_\_
- \_\_\_\_ \_\_\_\_ 8. Are any of your dependents **NOT** citizens or residents of the U.S.?
- \_\_\_\_ \_\_\_\_ 9. Did your children under age 18 have income of more than **\$1,000**?
- \_\_\_\_ \_\_\_\_ 10. Did you give anyone anything valued at more than **\$14,000** during the year?
- \_\_\_\_ \_\_\_\_ 11. Were you notified by the IRS or other taxing agencies because changes are being made to prior year tax return(s)?
- \_\_\_\_ \_\_\_\_ 12. Did you make any estimated tax payments during the year? **(provide details (i.e., dates and amounts))**
- \_\_\_\_ \_\_\_\_ 13. Did you engage in any barter transactions during the year?

**QUESTIONS RELATING TO TYPES OF INCOME**

- \_\_\_\_ \_\_\_\_ 14. Did you receive any payment(s) from a **Pension**, IRA or Profit-Sharing Plan? **(provide 1099-R's)**
- \_\_\_\_ \_\_\_\_ 15. Did you or your spouse receive any **disability** payments this year? **(provide 1099's)**
- \_\_\_\_ \_\_\_\_ 16. Did you “rollover” any **IRA** or **Pension** funds this year? **(provide 1099-R's)**
- \_\_\_\_ \_\_\_\_ 17. Did you receive any **rent** or royalty income?
- \_\_\_\_ \_\_\_\_ 18. Did you have income or expenses from any business activity? **See “Business Questionnaire”**
- \_\_\_\_ \_\_\_\_ 19. Are you a partner in a partnership or do you own stock in a Sub-S Corporation? **See “Business Questionnaire”**
- \_\_\_\_ \_\_\_\_ 20. Did you have any investments for which you were not personally “At Risk?” **See “Business Questionnaire”**
- \_\_\_\_ \_\_\_\_ 21. Did you have any income or expenses associated with farming?
- \_\_\_\_ \_\_\_\_ 22. Did you receive any unemployment income?
- \_\_\_\_ \_\_\_\_ 23. Did you receive any tips not reported to your employer? **(provide amounts)**
- \_\_\_\_ \_\_\_\_ 24. Did you receive any income from interest or dividends? **(provide 1099's)**
- \_\_\_\_ \_\_\_\_ 25. Did you receive any “Tax-Free” or “Tax-Exempt” income?
- \_\_\_\_ \_\_\_\_ 26. Did anyone forgive any amount of money you borrowed?
- \_\_\_\_ \_\_\_\_ 27. Did you loan any money to another person?
- \_\_\_\_ \_\_\_\_ 28. Did you trade any investment property for similar property?
- \_\_\_\_ \_\_\_\_ 29. Did you receive income from any unusual sources **(lottery, gambling, etc.)?**
- \_\_\_\_ \_\_\_\_ 30. Did you pay or receive any alimony? **(provide amounts)**
- \_\_\_\_ \_\_\_\_ 31. Did you sell any stocks or bonds, or engage in any transactions involving traded options? **(provide 1099-B's)**

- 32. If you sold stock or securities, on which you claimed a loss, did you buy stock or securities (which were substantially identical to the stock or securities you sold) within a 60 day period, beginning 30 days prior to, and ending 30 days after the date of sale?
- 33. Did you receive a refund of state, local income taxes or real estate taxes? **(provide 1099-G's)**
- 34. Did you receive any income from the Social Security Administration? **(provide 1099-SSA)**
- 35. If you're age 65 or older or disabled did you or your spouse receive less than \$5,000 from Social Security?
- 36. Did you receive any **incentive stock options** from your employer? (provide details)
- 36a. At any time during the tax year, did you or your spouse have an interest in, or control over, **a foreign financial acct.?**
- 36b. If YES, did the account(s) have a grand total value of \$10,000 or more at any time during the year?
- 37. Were you or your spouse the grantor of, or transferor to, a **foreign trust** which existed during the current tax year, regardless of whether or not your or your spouse had any beneficial interest in it?
- 38. Did you contribute to an IRA, SEP or KEOGH plan – or do you plan to?
- 39. Did you incur any early withdrawal penalties in your savings account(s) or CD's?
- 40. Did you pay anyone to **care for your children**, so you could work?
- 41. Did your employer pay any part of your child care expenses?
- 42. Did you purchase gasoline, lubricating oil, or special fuels for non-highway use in farm or construction vehicles, or airplanes during the year?
- 43. Did you pay any adoption costs?
- 44. Did you pay any educational expenses? **(provide 1098-T)**
- 45. Did you make any changes to make your business accessible to handicapped persons?
- 46. Did you pay any \$1,900 or more for **domestic service's** in or around your home? (i.e., Babysitting, Child Care, Lawn Care, Cleaning, etc.)
- 47. Did you contribute to a 529 (Qualified Tuition Program) for anyone in 2015?

**QUESTIONS RELATING TO ITEMIZED DEDUCTIONS**

- 48. Do you owe any money to anyone?
- 49. Do you provide your own medical insurance? **DIRECT Y / N :THROUGH EXCHANGE Y / N PROVIDE 1099-H**
- 49a. Did you contribute to either a Health (HSA) or Medical (MSA) Savings Account?
- 50. Did you pay for Long-Term care insurance?
- 51. Did you buy eyeglasses, dentures or other medical items this year?
- 52. Did you pay an "Occupation", "Occupation Privilege" or "Local Service" Tax?
- 53. Did you make interest payments on a mortgage or investment loan?
- 54. Did you contribute any money, goods or other assets to charity?
- 55. Did you pay any union dues?
- 56. Did you provide uniforms, safety clothing, or tools for your job?
- 57. Did you incur any expenses in collecting or recovering taxable income?
- 58. Did you spend any money searching for a new job?
- 59. Did you have a safe deposit box for investments?
- 60. Did you incur any property loss due to destruction, theft, seizure, or condemnation?
- 61. Did you incur any unreimbursed business expenses, which were required by your employment?
- 62. Did you pay for any employment-related education?
- 63. Did you incur any unreimbursed employee business expenses? If so, see **"Business Questionnaire"**.

**USE TAX ALERT:**

- 64. Did you make any purchases which are subject to PA Sales Tax from vendors who did not charge tax (i.e., internet purchases)? If so, please provide your actual use tax liability. If we don't hear from you we will **ASSUME** you want to use the State provided tables.



The **IRS Code** requires that we advise you that you must meet the “Substantiation Requirements” for any deduction for:

1. Vehicle Use.
2. Traveling Expenses.
3. Entertainment, Amusement or Recreation Expenses.
4. Gifts.
5. “Listed Property” (i.e., defined as – passenger auto, any property used as a means of transportation, property used for entertainment or amusement and any computer or peripheral equipment, as well).

“Substantiation” requires that you maintain “adequate records” which show **ALL** of the following:

1. The **AMOUNT** of the expense.
2. The **TIME** and **PLACE** of the travel, entertainment, recreation or use of the property, or the date and description of the gift.
3. The business **PURPOSE** of the expense or other item, and...
4. The **BUSINESS RELATIONSHIP** of the taxpayer facility to the person being entertained, using the facility or property, or receiving the gift.

It is important that you have written records to substantiate these deductions. Documents such as a log of auto usage, diary, and receipt for expenditure (not a cancelled check alone) are usually considered “adequate records”.

To state the substantiation rules another way, if the taxpayer keeps a log in which he/she records adequate information and can support the log with record, he/she should meet the substantiation rules for such expenses.

### **PAYROLL AND SUBCONTRACT**

If you want us to prepare your **1099’s** or **W-2’s**, please call unless previous arrangements have been made. **WE DO CHARGE EXTRA FOR THESE SERVICES**. These forms must be filed by **January 31, 2016**, to avoid penalties.

**WARNING:** **1099’s ARE REQUIRED** for any unincorporated entity to whom you paid **\$600 or more** for any service in the course of your trade or business. **IRS** is cracking down on this requirement. **Copies must be filed with PA.**

### **1099 PENALTIES**

1. Failure to file - **\$30 per form up to 30 days; \$60 after 30 days to 8/1; \$100 after 8/1.**
2. Intentional failure to file – greater of \$100 or 10% of unreported amount.

**NOTE:** Forms with missing or incomplete information may also be subject to penalty.

**BUSINESS INCOME AND EXPENSES** – Income and expenses may be reported on either cash or accrual methods whichever was selected at the start of business.

#### **Cash Basis**

1. Income **RECEIVED** in **2015** is taxable in **2015**.
2. Expenses **PAID** in **2015** are deductible in **2015**.

#### **Accrual Basis**

1. Income **EARNED** in **2015** is taxable in **2015** – whether or not received.
2. Expenses **INCURRED** in **2015** are deductible in **2015** – whether or not paid.
3. We need your accounts receivable (amounts owed **TO** you) and accounts payable (amounts owed **BY** you) lists for both 12-31-14 and 12-31-15. If we prepared your 2014 return we have the 12-31-14 information.

Remember, in general, qualified **BUSINESS DEDUCTIONS** must be **ORDINARY, NECESSARY** and **REASONABLE** to avoid **IRS** disallowance.

The following tasks must be accomplished in order to properly prepare your returns:

1. Please **TOTAL ALL INCOME AND EXPENSE ITEMS** and summarize to obtain yearly totals for each item.
2. Make sure all of your purchased of **EQUIPMENT** having a useful life of more than one (1) year is listed in an equipment register or are shown separately under “**Miscellaneous**” with a description of what was purchased. Please provide copies of the purchase documents, if possible.

3. If you **SOLD OR TRADED ANY EQUIPMENT OR PROPERTY**, we'll need the dates of sale and amounts received, as well as original purchase dates and costs. If **Real Estate**-Settlement sheets are required.
4. Remember, if you're claiming **TRAVEL, ENTERTAINMENT or MEAL EXPENSES** you need very careful records documenting the "**Who, What, When, Where and WHY**" of each expense. Without these records, **IRS** may disallow the deduction under audit. Be sure to keep Entertainment and Business meal costs separate from other related costs like lodging and travel. Meals and entertainment are only 50% deductible while other expenses are not so limited. **ASK ABOUT PER DIEM RATES.**
5. If you have a business loan(s) we'll need to know the amount(s) of interest paid.
6. **DON'T FORGET** – If your business requires an **INVENTORY** we must have an accurate cost value of your inventory at year-end. After counting and listing the inventory items, you must multiply the item quantities times their **COST** (or market value, if that's lower) and total all of the extended values. If you count items you haven't paid for, note them so we can make the necessary adjustments. If you've paid for items you haven't received we'll need to know that too.
7. If you have a **PAYROLL** and we are not handling it for you, you must total each item for the year, i.e., Gross pay and each deduction item for each employee for the year – making sure that the summary, of all employees' individual amounts, agrees with the amounts reported on your quarterly reports filed throughout the year. We need your file copies of all **QUARTERLY REPORTS** as well.
8. If you used your **CAR OR TRUCK IN BUSINESS** you may be better off taking a deduction for the business mileage at **57.5¢** per mile for all business miles. **REMEMBER** you must be able to document the miles claimed. Leased vehicle qualify for this simplified method.
9. The office-in-home deduction is alive and well and available to eligible businesses. There are some circumstances in which claiming the deduction could jeopardize your entitlement to the tax-free sale of your home. Ask us about the rules – they are complex.

**CAUTION:**

**Claiming the home office deduction for a portion of your electric will result in incurring PA use tax liability on the amount deducted.**

**2015 PAYROLL CHANGES**

**WITHHOLDING – FICA, MEDICARE AND SE (SELF EMPLOYMENT) TAXES**

Year	Tax	FICA & SE Taxable Wage Base	Employer Tax Rate	Employee Tax Rate	Maximum Employer Tax	Maximum Employee Tax	SE Tax Rate	SE Minimum Tax
2015	FICA	\$118,500.00	6.2%	6.2%	\$ 7,347.00	\$ 7,347.00	12.4%	\$ 14,694.00
	Medicare	Unlimited	1.45%	1.45%	Unlimited	Unlimited	2.9%	Unlimited
2016	FICA	\$118,500.00	6.2%	6.2%	\$ 7,347.00	\$ 7,347.00	12.4%	\$ 14,694.00
	Medicare	Unlimited	1.45%	1.45%	Unlimited	Unlimited	2.9%	Unlimited

<b>UNEMPLOYMENT</b>					<b>PA STATE TAX</b>
<b>FEDERAL</b>			<b>STATE</b>		
	<b>Taxable Wage Base</b>	<b>Net Tax Rate</b>	<b>Taxable Wage Base</b>	<b>Employee Withholding</b>	<b>Tax Rate</b>
<b>2015</b>	\$ 7,000.00	0.6%	\$ 9,000.00	.0007 X Gross Pay	3.07%
<b>2016</b>	\$ 7,000.00	0.6%	\$ 9,500.00	.0007 X Gross Pay	3.07%
<b>Includes ALL Tips, Sick Pay and Taxable Fringe Benefits</b>					<b>Note: New W-4 forms are required to be filled out by ALL Employees each year.</b>

**BUSINESS QUESTIONNAIRE**

**NAME:** \_\_\_\_\_

PLEASE: Take the time to answer the following questions **BEFORE** your appointment or dropping off your tax information. The questionnaire is not only intended to save time but more importantly, to ensure that important information is not over looked while preparing your tax returns. If you need help with any of the questions, put a “?” to the left of the question(s) and we’ll discuss it.

**QUESTIONS FOR BUSINESS OWNERS AND LANDLORDS**

**Yes No (Mark Y for Yes or N for No)**

- \_\_\_\_ \_\_\_\_ 1. Did you buy, sell, exchange, or scrap any business property or equipment?
- \_\_\_\_ \_\_\_\_ 2. Do you have an area of your **home used Regularly and Exclusively** as your principal place of business?
- \_\_\_\_ \_\_\_\_ 3. The **IRS** allows a deduction for expenditures for travel away from home, entertainment, and certain business gifts **ONLY IF** substantiated by adequate records or sufficient substantiating evidence. Records must include: (1) Amount Spent; (2) Time and place of travel or entertainment; (3) Date and description of Gift, and (4) Business purpose of the expenditure.
  - \_\_\_\_ \_\_\_\_ 3a. Do you have these records?
  - \_\_\_\_ \_\_\_\_ 3b. If so, are they written?
- \_\_\_\_ \_\_\_\_ 4. Did you make interest payments on a business loan?
- \_\_\_\_ \_\_\_\_ 5. If you provided your own medical insurance, were you eligible to participate in any subsidized health plan at any time during the year?
- \_\_\_\_ \_\_\_\_ 6. Did you pay any unincorporated entity **\$600** or more for services rendered to your business?
- \_\_\_\_ \_\_\_\_ 7. If so, did you issue **1099's**?
- \_\_\_\_ \_\_\_\_ 8. Did you hire any veterans who may qualify for the **Work Opportunity Credit**?
- \_\_\_\_ \_\_\_\_ 9. Do you provide health insurance for your employees?
  - \_\_\_\_ \_\_\_\_ 9a. If so, please provide details of your plan.
- \_\_\_\_ \_\_\_\_ 10. Did you engage in any barter exchanges during the year?