

MARK A. FRAZIER, CPA & ASSOCIATES INC.

461 N. HIGH STREET
CHILLICOTHE, OHIO 45601
(740) 775-6882
www.markfraziercpa.com

Dear Client,

A new Tax Bill was introduced in early November and we can be sure of at least one thing: future tax rates are going to change. Because this is a year-end 2017 letter, our guidance in this letter is aimed at 2017 tax planning rather than predicting 2018, but one thing we are pretty sure of is that tax rates will be lower in 2018. Please contact us for specifics, but the general guidance for most taxpayers is to accelerate expenses into 2017 and delay (where possible) income until 2018. The new tax bill may modify that guidance as the year comes to an end, so we strongly suggest that you speak with us near year end to make confident tax planning decisions for 2017 and 2018. We have included the 2017 client questionnaire that will help you inform us of the many changes that can occur during the year. Please complete the form and bring it to our office **at the time of your appointment.** If you want a more detailed, customized organizer, they are available for free. All you need to do is call our office and request yours.

Please remember to utilize our **WEBSITE** at www.markfraziercpa.com. I am sure you will find it very informative in regard to tax and financial issues.

\$\$Referral Program back by popular demand\$\$

We are offering to our clients a \$20 referral rebate for tax year 2017. If you refer a new client to our office for tax preparation, all they have to do is write your name down on the Client Questionnaire and you receive \$20. If you refer 5 new clients you get \$100. It is unlimited. In addition to this, the client that gets the most referrals for the period of January 1, 2018 thru April 17, 2018 ***will receive a \$300 bonus!*** We appreciate your referrals of family and friends. This helps us grow and we want to reward you for your customer loyalty.

Affordable Care Act

Contrary to popular belief you must still have qualified health insurance for all family members in 2017 or pay a penalty. Many Americans are joining "Health care sharing ministries" for health insurance, but there is no tax deduction allowed with these types of plans, even though they keep you from paying a penalty for not having insurance. ***If you received a Form 1095 from any issuer or agency we MUST have all copies to prepare your tax return.***

Charity

ALL deductions of any amount must have a receipt. Any individual contribution over \$250 must also have an acknowledgement letter from the charity, and the letter must be dated by the date

we file your return. The letter should show the date and amount of any individual contribution over \$250, and should also state that no goods or services were received in return for the contribution.

If you are over 70 and a ½ with an IRA please contact us before the end of the year before you make any charitable contributions so we can lower your tax bill with a simple action on your part.

Mortgage Interest

New rules may change home mortgage interest deductions, so far any refinancings, equity line draws or new loans we must know if the money was spent to buy, build, or improve your personal residence. We must also obtain Form 1098 from you when you pay mortgage interest. Additionally, we must obtain refinancing closing statements.

Stock Gifts and Losses

We find many clients that have stock they purchased many years ago in companies that have gone bankrupt. Go through your records and memory and let us know if you have any “worthless” stock so that we can deduct the losses now. Additionally, if you have a stock whose value has increased you may wish to donate it to a charity by the end of the year instead of donating cash in order to obtain much better tax treatment.

Roth IRA Conversions

You will continue to hear from lots of “experts” this year that you need to convert your retirement accounts to Roth IRAs. While there are a number of advantages to conversions, there are an equal number of disadvantages that carry some major tax consequences. Please do not convert your accounts in 2017 without coming in to see us for an appointment to discuss both the positives and the negatives. ***All conversions for 2017 must be completed by December 31, 2017.***

Other Income

If you have any income from BitCoin, AirBNB, Turo, Etsy, EBay or similar consumer to consumer programs, please let us know because many income tax rules are affected and few of these sites provide you with adequate tax information.

Tax Planning

The simplest and most effective tax planning tool for all Americans of all income levels is full participation in retirement plans. Make sure you maximize your 401-k deferral if available, contribute to tax-deductible IRA.

Check your employee handbook to see what other fringe benefits are available at work and call us if you aren't sure if it will benefit you. Some of the best fringe benefits provided by employers include cafeteria (or 125) plans, as well as child care plans and wellness programs. Many taxpayers have unused amounts left in pre-tax healthcare flex spending (cafeteria/125 plans). If this includes you, get your check-ups, shots, dental work or new glasses taken care of before the end of the year.

There is still time to setup an appointment for year-end tax planning by December 31. We recommend a meeting if you have had any major changes during 2017 or are expecting major financial changes in 2017 or 2018 such as retirement, inheritances, etc.

Form 1099MISC

It is imperative that all farmers and business owner's issue form 1099MISC for any payments you make for services or rent that are \$600.00 or greater. These forms are due January 31, 2018 and the IRS has increased the fines for non-compliance and are currently increasing enforcement. We are happy to assist you with the preparation of the 1099's.

Ohio Homestead Exemption Increased

For 2017, the homestead program is available for households with incomes not exceeding \$31,600. The state no longer includes social security income in this limit. In addition to the income limit, the taxpayer should be 65 years of age or older and own and occupy the property as your personal residence, or be a surviving spouse, or between the ages of 59 and 64 years old and was already receiving the credit at the time of death, or is totally and permanently disabled. In the year the taxpayer turns 65, he or she must file the homestead exemption application after the first Monday of January and before the first Monday in June.

Future Income Tax Rates & Other

We highly recommend that when you are getting your information to us for your 2017 Federal tax return that you set an appointment for an after tax season "Tax Tune Up" to examine tax and estate planning strategies. Because of the new tax bill, if your family income is over \$100,000 it is important that we meet for future tax planning because of surtaxes.

There are literally hundreds of other changes, extensions and deletions that we will consider this year while preparing your return. Because of these changes we are requesting everyone try to have their tax information in to us at least two weeks earlier than normal, and no later than April 1, 2018. Please rest assured that we will utilize our best resources to once again provide you with timely, complete and accurate service while keeping your tax burden to the lowest legal amount. Thank you again for your continued support.

Sincerely,

Mark A. Frazier
Certified Public Accountant