

# A & S CONSULTANTS, INC.

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*Specialists in Taxes and Business Consultations*

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I hope you and your family are doing well. As you know, your 2018 tax returns will be due soon. The enclosed material will hopefully make the process of preparing for taxes as smooth as possible.

You can deliver your tax information to me by dropping it off at my office, fax, mail, or e-mail. My office has a full-time receptionist so you can drop documents off anytime Monday through Friday 8:30–4:30. Please ensure that your documents are in a sealed package to my attention. If you e-mail documents, please use my secure document service or encrypt your files. I will confirm receipt of your documents as soon as possible.

I rarely need your original documents. Thus, I recommend that any hard documents you deliver to me are copies.

Please find enclosed the following:

- Tax Briefs: Please review and make note of any questions you have.
- Personal Data Sheet w/attachments: Please complete or update as necessary.
- Tax Document Checklist: Please complete and provide all information requested.
- Please make note of any particular items you would like to discuss in detail with me.

The turnaround time for your returns is typically one to two weeks from receiving all of your documents. I will contact you upon completion of your returns to discuss the results. This is usually a good time to discuss issues that will come up in 2018 or subsequent years.

I will deliver to you, for review, a copy of your completed tax returns. Subsequently, your return will either be electronically filed by me or I will deliver you a complete filing copy to sign and mail in. Arrangements for payment of my fee is required before I file your returns. Note: I may ask for my fee to be paid in advance if you deliver documents to me close to the filing deadline.

I look forward to the opportunity of assisting you with all of your tax preparation and planning needs. Thank you in advance for your referrals.

Jeff Register, CPA, EA

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## TAX DOCUMENT CHECKLIST

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

2018 TAX YEAR

QUESTIONS	Y/N	IF YES, DOCUMENTS OR INFORMATION NEEDED
WILL YOU BE FILING ELECTRONICALLY.		COPY OF DRIVER'S LICENSE FOR TAXPAYER AND SPOUSE OR DL#, DATE OF ISSUE AND EXPIRATION. (NEW FOR IRS SECURITY).
IF YOU HAVE A REFUND DUE WOULD YOU LIKE IT DIRECTLY DEPOSITED TO YOUR BANK ACCOUNT?		VOIDED CHECK.
IF YOU HAVE A BALANCE DUE WOULD YOU LIKE IT DIRECTLY DEBITED TO YOUR BANK ACCOUNT?		VOIDED CHECK.
DID ANOTHER FIRM PREPARE YOUR TAX RETURN LAST YEAR?		COPY OF MOST RECENT TAX RETURN & TWO PRIOR YEARS, IF AVAILABLE.
DID YOU PAY ESTIMATED TAXES OR MAKE PAYMENTS ON PRIOR TAX YEARS?		AMOUNTS & DATES OF PAYMENTS.
DID YOUR MARITAL STATUS CHANGE FROM THE PREVIOUS YEAR?		PRIOR YEAR RETURN OF BOTH SPOUSES (IF NOT PREPARED BY US). COPIES OF LEGAL DOCUMENTS.
DID YOU PAY OR RECEIVE ALIMONY?		NAME & SSN OF PAYOR/PAYEE. AMOUNTS & DATES OF PAYMENTS.
HAVE THERE BEEN ANY CHANGES TO YOUR DEPENDENTS?		PLEASE REVIEW ENCLOSED DEPENDENT INFORMATION SHEET.
DID YOU PAY CHILD CARE OR DISABLED SPOUSE CARE EXPENSES?		NAME, ADDRESS, PHONE #, & TAX ID# OF PROVIDER. AMOUNTS PAID FOR EACH DEPENDENT.
DID YOU PAY EDUCATIONAL EXPENSES FOR YOU, YOUR SPOUSE, OR DEPENDENT?		IRS FORMS 1098-T FOR TUITION PAID & 1098-E FOR INTEREST PAID. EXPENSES FOR BOOKS, SUPPLIES, ETC.
DID ANY OF YOUR DEPENDENT CHILDREN HAVE INCOME?		<b>W-2'S, 1099'S, ETC. DUE TO THE HEALTH CARE ACT YOUR DEPENDENTS SHOULD NOT FILE A RETURN ON THEIR OWN.</b>
DID YOU HAVE ACA COMPLIANT HEALTH INSURANCE FOR EACH MEMBER OF YOUR HOUSHOLD ALL YEAR?		FORMS 1095-A, 1095-B, 1095-C. EXEMPTION CERTIFICATE NUMBER. <b>COMPLETE ACA QUESTIONNAIRE IN ORGANIZER.</b>
DID YOU MOVE MORE THAN 50 MILES?		DATE, DISTANCE, & EXPENSES OF MOVE FOR TRAVEL, LODGING, & TRANSPORTATION OF HOUSEHOLD GOODS.
WERE YOU UNEMPLOYED AT ANYTIME DURING THE YEAR?		STATE FORM 1099-G, AMOUNT & SOURCE OF DISABILITY PAYMENTS.
DID YOU START OR END A SMALL BUSINESS?		FORMATION OR TERMINATION DOCUMENTS, LIST OF PROPERTY CONTRIBUTIONS OR DISTRIBUTIONS.
DO YOU HAVE PROPERTY FOR WHICH YOU RECEIVED RENTAL INCOME?		INCOME, EXPENSES, ESCROW DOCS FROM PURCHASE, REFI, OR SALE OF PROPERTY, PPTY MANAGER STATEMENTS.
WERE YOU SELF-EMPLOYED OR AN INDEPENDENT CONTRACTOR?		INCOME, EXPENSES, PURCHASE & SALE OF ASSETS, MILEAGE LOG.
WERE YOU A PARTNER IN A PARTNERSHIP OR A SHAREHOLDER IN AN S-CORPORATION?		FORM K-1, AMOUNT OF UNREIMBURSED EXPENSES, KNOW YOUR CURRENT BASIS.
DID YOU CONTRIBUTE TO A RETIREMENT PLAN, CONVERT AN IRA TO A ROTH IRA, OR COMPLETE A ROLL-OVER?		IRS FORMS 1099-R & 5498, LIST DATES & AMOUNTS OF CONTRIBUTIONS.
DID YOU RECEIVE U.S. OR FOREIGN SOCIAL SECURITY BENEFITS?		IRS FORM 1099-SA, DATES OF AMOUNTS OF FOREIGN PAYMENTS.
DID YOU RECEIVE INTEREST OR DIVIDENDS?		IRS FORMS 1099-INT & 1099-DIV.
DID YOU SELL ANY STOCK, BONDS, ETC.		IRS FORM 1099-B, PURCHASE & SALE CONFIRMATIONS, YEAR END BROKERAGE STATEMENT, KNOW YOUR BASIS.
DID YOU SELL, PURCHASE OR REFINANCE ANY REAL ESTATE?		IRS FORM 1099-S, ESCROW DOCUMENTS, DOCUMENT USE OF ANY PROCEEDS.

QUESTIONS	Y/N	IF YES, DOCUMENTS OR INFORMATION NEEDED
DID YOU RECEIVE ANY INCOME FROM AN INSTALLMENT SALE?		DATE OF SALE, CONTRACT PRICE, LOAN TERMS, PAYMENTS RECEIVED.
DID YOU RECEIVE ANY INCOME FROM FOREIGN SOURCES?		SOURCE, NATURE, DATES AND AMOUNTS RECEIVED.
DID YOU RECEIVE A GIFT OR INHERITANCE?		FORM K-1, DETAIL ITEMS RECEIVED.
DID YOU RECEIVE A LAWSUIT SETTLEMENT AWARD?		IRS FORM 1099-MISC, LEGAL DOCUMENTS, DATES & AMOUNTS OF ATTORNEY FEES PAID.
DID YOU HAVE ANY LOTTERY OR GAMBLING WINNINGS?		IRS FORM W-2G, AMOUNTS OF WINNINGS & LOSSES.
DID YOU HAVE MEDICAL EXPENSES?		AMOUNTS PAID FOR HEALTH, LONG-TERM CARE, & DENTAL INSURANCE, DRUGS, OPTICAL, CHIROPRACTIC, ETC...
DID YOU PAY TAXES ON REAL OR PERSONAL PROPERTY?		DMV STATEMENTS, PROPERTY TAX BILLS, ESCROW DOCUMENTS.
DID YOU PAY TAXES TO A FOREIGN GOVERNMENT?		AMOUNTS & DATES PAID, COUNTRY, NATURE OF FOREIGN INCOME.
DID YOU PAY MORTGAGE, INVESTMENT, OR BUSINESS INTEREST?		IRS FORM 1098, DOCUMENT USE OF LOAN PROCEEDS, END OF YEAR LOAN STATEMENT.
DID YOU PAY MORTGAGE INSURANCE PREMIUMS?		AMOUNTS PAID.
DID YOU MAKE CHARITABLE DONATIONS OF CASH, PROPERTY, OR HAVE VOLUNTEER EXPENSES?		<u>IRS FORMS 1098-C, CHARITY RECEIPTS, DETAILED DOCUMENTATION OF ITEMS DONATED (CRITICAL).</u>
DID YOU PAY EXPENSES REQUIRED BY YOUR EMPLOYER FOR WHICH YOU WERE NOT REIMBURSED?	N/A	AMOUNTS PAID FOR TRAVEL, EDUCATION, SUPPLIES, ETC...
DID YOU PAY IRA CUSTODIAL FEES?	N/A	AMOUNTS PAID, IRA ACCOUNT STATEMENT.
DID YOU PAY EXPENSES RELATED TO YOUR INVESTMENT INCOME?	N/A	AMOUNTS PAID FOR COUNSEL FEES, MANAGEMENT FEES, CUSTODIAL FEES, TRANSFER TAXES, ETC...
DID YOU PAY UNION OR PROFESSIONAL DUES?	N/A	AMOUNTS PAID.
WERE YOU AUDITED OR DID YOU RECEIVE IRS OR STATE CORRESPONDENCE?		COPIES OF CORRESPONDENCE, AUDIT REPORTS, RELATED TAX RETURNS.
DID YOU HAVE AN INTEREST IN OR SIGNING AUTHORITY OVER A FOREIGN ACCOUNT?		MAX BALANCE OF ACCOUNT, COUNTRY, ACCOUNT NAME, NUMBER, AND ADDRESS.
DID YOU PAY ANY COMPENSATION TO INDEPENDENT CONTRACTORS AS PART OF YOUR BUSINESS ACTIVITY?		COPIES OF 1099'S OR NAMES, ADDRESSES, SSNS, & AMOUNTS PAID.
DID YOU PURCHASE ANYTHING ONLINE OR FROM OUT OF STATE FOR WHICH YOU DID NOT PAY SALES TAX?		AMOUNTS & DATES PURCHASED.
DID YOU MAKE ANY GIFTS OF CASH OR PROPERTY TO ANY ONE INDIVIDUAL EXCEEDING \$15,000?		NAMES, ADDRESSES, SSNS, & AMOUNTS OR DETAIL OF PROPERTY GIVEN.
HAVE YOU GONE THROUGH A FORECLOSURE OR SHORT-SALE OR ANTICIPATE DOING SO?		IRS FORMS 1099-A & 1099-C, ESCROW DOCUMENTS, LOAN STATEMENTS.
HAVE YOU FILED FOR BANKRUPTCY?		COURT DISCHARGE PAPERS.
DID YOU USE A VEHICLE FOR BUSINESS, MEDICAL, MOVING, OR VOLUNTEERING?		DETAILED MILEAGE FOR EACH USE. FOR BUSINESS USE I ALSO NEED TO KNOW TOTAL MILEAGE FOR EACH VEHICLE.

## 2018 Tax Organizer Personal and Dependent Information

### Personal Information

	Name	SSN	Date of birth	Healthcare coverage ALL year
Taxpayer				
Spouse				
Street address, city, state, and ZIP				
	Occupation	Daytime phone	Evening phone	Cell phone
Taxpayer				
Spouse				
Taxpayer email				
Spouse email				

### Marital Status at end of 2018

<input type="checkbox"/> Married <input type="checkbox"/> Married filing separately <input type="checkbox"/> Single <input type="checkbox"/> Widow(er) <small>If spouse died in 2018 enter the date of death _____</small>	Are you blind? Are you disabled? Are you a full-time student? Do you want \$3 to go to the Presidential Election Campaign Fund?	<b>Taxpayer</b> <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No	<b>Spouse</b> <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No
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### Dependent Information

First and last name	SSN	Relationship	Months in home	Date of birth	Disabled	Full-time student	Healthcare coverage ALL year

List dependents required to file a return \_\_\_\_\_

### Estimates

	Federal		Resident state		Resident city	
	Date paid	Amount	Date paid	Amount	Date paid	Amount
Overpayment applied from 2017	_____	_____	_____	_____	_____	_____
First quarter	_____	_____	_____	_____	_____	_____
Second quarter	_____	_____	_____	_____	_____	_____
Third quarter	_____	_____	_____	_____	_____	_____
Fourth quarter	_____	_____	_____	_____	_____	_____
Additional payments	_____	_____	_____	_____	_____	_____

### Account Information for Deposits or Withdrawals

Name of bank	Bank routing number	Bank account number	Type of account		Use this account for	
			Checking	Savings	Deposits	Withdrawals

### Appointment Information

Your 2018 appointment is scheduled for \_\_\_\_\_

### Healthcare Coverage Questionnaire

Name:

SSN:

#### Healthcare Information

Member of household for healthcare purposes	Covered the entire year	Covered less than 12 months	No healthcare coverage at all

**YES    NO**

    Did anyone other than you or your spouse pay for healthcare coverage for anyone listed above?

    Did you pay for healthcare coverage for anyone not listed above?

**If you had coverage for any part of the year:**

Where was the policy obtained?

Employer / Medicare / Medicaid / Marketplace(Exchange) / Other

**If you didn't have coverage part or all of the year:**

Answer YES if the following applies to any member of the household

- Was your previous insurance policy canceled in 2018?
- Was coverage offered by your employer or your spouse's employer?
- Are you a member of a federally recognized Indian tribe?
- Are you eligible for services through an Indian healthcare provider?
- Are you a member of a healthcare sharing ministry?
- Did you live in the United States the entire year?
- Are you enrolled in TRICARE?
- Did you apply for CHIP coverage?
- Do any of the following apply to you? Do NOT indicate which one.
  - Became homeless
  - Evicted in the past six months, or facing eviction or foreclosure
  - Received a shut-off notice from a utility company
  - Recently experienced domestic violence
  - Recently experienced the death of a close family member
  - Recently experienced a fire, flood, or other natural or human-caused disaster that resulted in substantial damage to your property
  - Filed for bankruptcy in the last six months
  - Incurred unreimbursed medical expenses in the last 24 months that resulted in substantial debt
  - Experienced unexpected increases in essential expenses due to caring for an ill, disabled, or aging family member

## **TAX BRIEFS**

### **Tax Reform**

The Tax Cuts and Jobs Act of 2017 (Tax Reform) will affect your income taxes in 2018. See the notes added to affected sections below.

### **Disaster Relief Legislation**

Congress passed disaster relief legislation to ease the financial burden on those affected. Some of the provisions include:

- Elimination of the 10% AGI limitation in order to qualify for a casualty loss deduction.
- Ability to increase the taxpayer's standard deduction by the loss amount when not itemizing.
- Provide an exception to the 10% early withdrawal of retirement assets.
- Suspend limitations on qualified charitable deductions.
- Allow taxpayers to refer to earned income in the preceding year for purposes of the child tax credit and earned income credit.

### **Withholding for 2019**

If you think your withholding should be adjusted for 2019 (e.g. your income will either increase or decrease; you have additional dependents; you have fewer dependents; you married in 2018 or will marry in 2019, you divorced in 2018 or your divorce will become final in 2019), we need to talk about adjusting your withholding.

### **Reminders for Individual Filers ~**

#### **Affordable Care Act**

All Americans are affected in some manner by the 2010 Affordable Care Act (Obamacare). If you received Form 1095-A, B, or C from any issuer or agency, we will need all copies to prepare your tax return. If you did not receive these forms, we will ask you a number of additional questions about insurance coverage so that we can help you avoid any penalties for failure to have health insurance.

You should not allow your dependent children or college students to file their own returns without talking to me first.

#### **Health Care Deductions**

The Tax Cuts and Jobs Act of 2017 restored the 7.5% limit for 2017 and 2018; however the 10% limit will apply to 2019. Because the amount of your medical expenses must now exceed 10% of your adjusted gross income, instead of 7.5%, before you can deduct anything, we will see fewer deductions available for medical expenses unless you have substantial bills in 2019.

#### **Additional Tax for Investment or High Income Taxpayers**

If your income is high, you may be subject to an additional 0.9% Medicare tax on your wages and/or a 3.8% surtax on net investment income if yours is over \$250,000 for married taxpayers or \$200,000 for single taxpayers.

#### **Foreign Accounts**

If you have read any news in the last year, you know that the IRS is looking closely for offshore accounts. If you have an account, retirement account, or business interest with a value over \$10,000 in a foreign country, or a foreign business ownership (not through a mutual fund), please let us know. There are substantial penalties for failure to disclose.

#### **IRA and Roth IRAs**

You may contribute to your IRA or Roth IRA for 2018 as long as you do it by April 15, 2019. If your income is too high to make a contribution to your IRA or Roth IRA, you may contribute to a non-deductible IRA. Your contribution may be as much as \$5,500 plus an additional \$1,000 if you're over 50 years of age. If you participate in a retirement plan at work, the amount of your deductible IRAs is limited. If the IRS considers you high income, phase outs also apply to contributions to Roth IRAs.

### **Employer Plans: 401(k)s, 403(b)s, 457s, SIMPLE IRAs, etc.**

The maximum contributions to 401(k)s, 403(b)s, 457s, and other retirement plans is \$18,500 for 2018 and \$19,000 for 2019 in salary deferrals plus an additional \$6,000 in 2018 and 2019 if you're over 50 years of age. For SIMPLE IRAs, you may contribute up to \$12,500 in 2018 and \$13,000 in 2019 plus \$3,000 if you're over 50 years of age.

### **Saver's Credit**

For 2018, if you contribute to your retirement plan at work or to a traditional or Roth IRA and your income is lower than the income thresholds (less than \$31,500 (\$32,000 in 2019) to less than \$63,000 (\$64,000 in 2019) depending upon your filing status), you qualify for the Saver's Credit. You must be at least 18 years of age, not a full-time student, and not claimed as a dependent on someone else's tax return. Depending on your income, the tax credit is from 10% of your contribution to as high as 50% of your contribution. Eligible contributions to IRA accounts by the April 15, 2019 filing deadline count toward the 2018 Saver's Credit.

### **Investment Income**

The lower 15% tax rates on long-term capital gains (held over 1 year plus 1 day) and qualified dividends are applicable to 2018. The capital gains rate for some investors is zero. The zero-percent rate is limited to taxpayers with capital gain income in the 10% to 15% income tax brackets. Capital gains rates are 20% for high income taxpayers.

### **College Savings Accounts – 529 Plans**

529 Plans allow you to contribute to a college account and if the funds are used for higher education, any amount you pull out is tax free. 529 Plans are clearly an excellent strategy for saving for higher education for family members.

**Note:** The Tax Cuts and Jobs Act of 2017 also allows tax free withdrawals to pay tuition at an elementary or secondary public, private, or religious school, up to a \$10,000 limit per tax year.

### **Kiddie Tax**

The kiddie tax applies to dependents under the age of 19 and also includes dependents under the age of 24 who are full-time students. Income up to \$1,050 is tax-free in 2018. The next \$1,050 is taxed at 10%, and income above that amount is taxed at your tax rate. The amount is also \$1,100 in 2019.

**Note:** The Tax Cuts and Jobs Act of 2017 taxes the child's 2018 earned income at single individual rates and unearned income at the rates for trusts and estates.

### **Gift Tax Exclusion**

The annual exclusion for tax year 2018 and 2019 is \$15,000 for gifts to individuals who are citizens of the U.S. Any gifts over this amount require that a gift tax return be filed. For gifts to spouses who are not citizens of the United States, a non-taxable gift is limited to \$152,000 (for 2019 \$155,000). If you gift something that is non-cash (e.g. stock), I do not recommend gifting any asset that is worth less than what you paid for it.

### **Charitable Contributions (cash or check)**

Both charitable contributions in the form of cash or check require a receipt from the charity. This means that if you attend church on Sunday and put \$10 cash in the collection plate, you cannot take a deduction without a receipt from your church. If you pay by check, your canceled check is your receipt unless the total of your contributions is \$250 or more. Because of recent tax court cases, the best practice is to obtain a receipt for every donation. The receipt must state that no goods or services were offered by the charitable organization.

### **Non-Cash Charitable Contributions**

Don't forget that non-cash charitable deductions require documentation and if the value of your donation exceeds \$250, a detailed receipt from the charity. You cannot simply say "3 bags of clothing." If you need my non-cash charitable contribution worksheet to arrive at the deductible amount, let me know and I'll email it to you.

### **Charitable Travel**

You may still deduct local charitable mileage at 14 cents per mile, but you cannot deduct charitable travel unless there is "no significant element of personal pleasure." If you travel for a charity (a chorus, symphony, fraternal organization, etc.), you cannot deduct your expenses unless you can prove that all or most of that trip was directly related to the charitable work.

## **Use Tax**

If you made a purchase on the Internet and did not pay sales tax, you are required to pay sales tax to your state when you file your tax return.

## **Home equity interest and refinancing**

Unless you substantially improve your home with funds from a home equity loan, your mortgage interest deduction may be limited. Home equity/personal debt not used to improve your home is no longer deductible. The Tax Cuts and Jobs Act of 2017 reduced the deductibility of interest by limiting it the total loan amount on first and second homes to \$750,000. This limit is not applicable to homes purchased before the law passed.

## **Educator Expense Deduction**

For credentialed teachers, the teacher's educator expenses deduction for 2018 and 2019 \$250. It includes "professional development expenses".

## **IRA conversions to Roth IRAs**

Roth Conversions – if you converted any retirement funds to your Roth IRA in 2018, it cannot be recharacterized due to the Tax Cuts and Jobs Act of 2017.

## **Roth Conversions**

Even though there is an income cap above which taxpayers cannot make contributions to a Roth IRA, all taxpayers are allowed to *convert* traditional retirement funds with tax-deferred growth to a Roth IRA that grows tax-free. Conversions are included in income during the tax year in which the conversion is completed, and must be completed no later than December 31<sup>st</sup>. Please contact me before doing a Roth conversion to discuss your individual situation.

## **IRA/Retirement Plans Minimum Distributions for those age 70½ (RMD)**

For those of you who are over 70½ years of age, you are required to take a required minimum distribution each year. Make sure you take your distribution before 12/31/18 for tax year 2018. The penalties for not taking the distribution are severe.

## **Alternative Minimum Tax (AMT)**

The Tax Cuts and Jobs Act of 2017 increased the exemption amount and the income level at which it takes effect. This will substantially reduce the number of taxpayers that must pay AMT beginning in 2018.

## **Estate Taxes**

The Tax Cuts and Jobs Act of 2017 doubled the exemption amount to about \$11.18 million in 2018.

## **Flexible Spending Accounts (FSAs), Cafeteria Plans, Section 125 Plans**

If your company offers these plans, the enrollment period is often times toward the end of the year. Remember that whatever amount you elect to contribute to your plan comes out of your wages tax-free. You pay no income tax, social security tax, or Medicare tax on the amount you contribute for your projected medical expenses for 2019 (*not* including over-the-counter drugs unless you have a prescription) and/or dependent care expenses (*not* including overnight camps). The key to how much you elect to contribute, either for dependent care or medical expenses, is to *not* contribute more than you will spend in a calendar year, or, depending on the plan, a calendar year plus a 2 months 15 days grace period. Should you *not* spend what you contributed, you forfeit that amount for that calendar year. The IRS has recently modified the regulations to allow \$500 to be carried over to the next year. Both the grace period and the carry over are optional and plans cannot allow both.

## **Medicare Part B**

In 2019, if you're not considered a high income taxpayer, the normal Medicare Part B premium that covers doctors' visits and outpatient procedures will be \$135.50 per month. However, some people who get social security benefits will pay less than this amount due to the small cost of living increases in recent years. If you're covered by Medicare and you're considered high income, you can expect a Medicare Part B surcharge. The surcharge is based on your 2017 tax return. The surcharge begins at adjusted gross income of over \$85,000 if you're single and \$170,000 if you're married. If your income decreased since 2016, you can dispute the surcharge, but you must do it right away. If you plan to dispute the charge, make sure you call the local Social Security office to file your dispute right away.



### **Your broker reports your tax basis to the IRS when you sell**

When your broker sends you a letter that asks you to verify the basis of your investments (that's the amount you paid for the investment), make sure you look at what the broker says is your basis. If there is an error, notify your broker that the basis they reflect is not correct. A problem could occur if you have held the investment for a long time or transferred that investment to your current broker, etc.

### **Stock Options**

Companies who issue stock options are now required to report to the IRS the grant date and the exercise price of any stock options that were exercised by employees.

### **Tax Credit for First Four Years of College**

The American Opportunity Credit of up to \$2,500 is designed to help parents and students pay part of the cost of the first four years of college. The credit is available to a broader range of taxpayers, including many with higher incomes and those who owe no tax. Tuition, related fees, books, equipment (including laptop computers) and other required course materials generally qualify.

### **Reminders for Business Filers ~**

**Note:** The Tax Cuts and Jobs Act of 2017 has added a new deduction of up to 20% for pass-through businesses taxes at individual rates (S Corp, Partnerships, Sole Proprietor).

### **Form 1099-K**

Since 2011, you received Form 1099-K from the party that processes credit card payments made to your business. Originally the IRS was going to require that credit card payments be tracked and reported separately from other payments on business tax returns. The IRS has backed off on this recordkeeping requirement for the business but they will still compare the amount reported on Forms 1099-K with the total income you report on your business tax return.

### **Office in Home**

If you have an office in home, your office must be used *exclusively* for your business and *regularly* for your business (little personal use is allowed). Also, the 1st business related trip of the day from your qualified home office is not deductible unless you qualify under special rules. It is considered part of your personal *commute*. The trips after that 1st stop of the day are deductible business miles if the stop is business related. The IRS has released a safe-harbor method to calculate Office in Home expenses which simplifies the deduction for some taxpayers.

### **Telephone expense**

If you have a business that you operate in your home, you must have a separate business telephone line to deduct your telephone expenses. If you have a personal phone from which you make business calls, you may deduct only the business long-distance amount as telephone expense.

### **Business Use versus Personal Use Property Deductions**

This is a category that includes home computers, auto expenses, etc. The IRS examines the personal use versus the business use. How much of the time do you spend on your computer that is personal use as opposed to business use?

### **Travel and Meal & Entertainment Expense**

In addition to a receipt, make sure you keep a log noting the name of the client, the purpose of the meeting, the cost, and who attended. Your credit card statement is not considered substantiation.

### **Business travel expense**

Keep a log of your business mileage. Without a mileage log, no deduction is allowed. Again, keep track of the name of the client and business purpose of the meeting. Most of you use the standard mileage rate. For 2018, it is 54.5 cents per mile.

### **Forms 1099-MISC**

If you paid more than \$600 to a business or individual for services rendered, you are required to issue Form 1099-MISC. The IRS changed the filing due date last year. Forms with Box 7 amounts, Non-employee compensation, must be filed



## Non-Cash Charitable Contributions Worksheet

Name: \_\_\_\_\_ Tax Year: \_\_\_\_\_  
 Home Telephone: \_\_\_\_\_ Work Telephone: \_\_\_\_\_ Cell: \_\_\_\_\_

The following is a guideline for valuation of non-cash charitable contributions. When valuing items, take into consideration the condition of the items. If the value of the donated items is \$250 or more to one charity in one day, you are required to obtain a written receipt from the charity (must contain name and address of charity, date, location of contribution, a description of the items donated, and whether any goods or services were provided to you in return for the donation). The receipt must be signed by the charity, and must be in your hands no later than the filing date of your return. With the exception of publicly traded securities, most donations over \$5,000 require a written appraisal.

Charity name/address: \_\_\_\_\_  
 Date of donation: \_\_\_\_\_

### Appliances

	\$\$ Guideline	Your Cost	# Items	Value Today	Deduction
Air conditioner	20.00 - 90.00	_____	_____	_____	_____
Dryer	45.00 - 90.00	_____	_____	_____	_____
Electric stove	75.00 - 150.00	_____	_____	_____	_____
Gas stove	50.00 - 125.00	_____	_____	_____	_____
Heater	7.50 - 22.00	_____	_____	_____	_____
Microwave	10.00 - 50.00	_____	_____	_____	_____
Refrigerator (working)	75.00 - 250.00	_____	_____	_____	_____
T.V. (color, working)	75.00 - 225.00	_____	_____	_____	_____
Washing machine	40.00 - 150.00	_____	_____	_____	_____
_____		_____	_____	_____	_____
_____		_____	_____	_____	_____
_____		_____	_____	_____	_____
_____		_____	_____	_____	_____
Total:		_____	_____	_____	_____

### Children's Clothing

	\$\$ Guideline	Your Cost	# Items	Value Today	Deduction
Blouses	2.00 - 8.00	_____	_____	_____	_____
Boots	3.00 - 20.00	_____	_____	_____	_____
Coats	4.50 - 20.00	_____	_____	_____	_____
Dresses	3.50 - 12.00	_____	_____	_____	_____
Jackets	3.00 - 25.00	_____	_____	_____	_____
Jeans	3.50 - 12.00	_____	_____	_____	_____
Pants	2.50 - 12.00	_____	_____	_____	_____
Shirts	2.00 - 6.00	_____	_____	_____	_____
Shoes	2.50 - 8.75	_____	_____	_____	_____
Skirts	1.50 - 6.00	_____	_____	_____	_____
Slacks	2.00 - 8.00	_____	_____	_____	_____
Snowsuits	4.00 - 19.00	_____	_____	_____	_____
Socks	0.50 - 1.50	_____	_____	_____	_____
Sweaters	2.50 - 8.00	_____	_____	_____	_____
Underwear	1.00 - 3.50	_____	_____	_____	_____
_____		_____	_____	_____	_____
_____		_____	_____	_____	_____
Total:		_____	_____	_____	_____

Prepared By: \_\_\_\_\_

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## Missing Information: Non-Cash Charitable Contributions Worksheet (pg 2)

### Furniture

	\$\$ Guideline	Your Cost	# Items	Value Today	Deduction
Bed (twin)	35.00 - 100.00	_____	_____	_____	_____
Bed (king, queen, full)	50.00 - 170.00	_____	_____	_____	_____
Carriage	5.00 - 100.00	_____	_____	_____	_____
Chair (upholstered)	25.00 - 100.00	_____	_____	_____	_____
Chest	25.00 - 95.00	_____	_____	_____	_____
China cabinet	85.00 - 300.00	_____	_____	_____	_____
Clothes closet	15.00 - 50.00	_____	_____	_____	_____
Coffee table	15.00 - 65.00	_____	_____	_____	_____
Convertible sofa	85.00 - 300.00	_____	_____	_____	_____
Crib (w/mattress)	25.00 - 100.00	_____	_____	_____	_____
Desk	25.00 - 140.00	_____	_____	_____	_____
Dining room set	150.00 - 900.00	_____	_____	_____	_____
Dresser w/ mirror	20.00 - 100.00	_____	_____	_____	_____
End tables	10.00 - 50.00	_____	_____	_____	_____
Floor lamps	6.00 - 50.00	_____	_____	_____	_____
Folding beds	20.00 - 60.00	_____	_____	_____	_____
Hi riser	35.00 - 75.00	_____	_____	_____	_____
High chair	10.00 - 50.00	_____	_____	_____	_____
Kitchen cabinet	25.00 - 75.00	_____	_____	_____	_____
Kitchen chair	2.50 - 10.00	_____	_____	_____	_____
Kitchen set	35.00 - 170.00	_____	_____	_____	_____
Mattress (double)	12.50 - 75.00	_____	_____	_____	_____
Mattress (single)	15.00 - 35.00	_____	_____	_____	_____
Pictures and paintings	5.00 - 200.00	_____	_____	_____	_____
Play pen	3.75 - 30.00	_____	_____	_____	_____
Rugs	20.00 - 90.00	_____	_____	_____	_____
Secretary	50.00 - 140.00	_____	_____	_____	_____
Sleeper sofa (w/mattress)	85.00 - 300.00	_____	_____	_____	_____
Sofa	35.00 - 200.00	_____	_____	_____	_____
Trunk	5.00 - 70.00	_____	_____	_____	_____
Wardrobe	20.00 - 100.00	_____	_____	_____	_____
_____		_____	_____	_____	_____
_____		_____	_____	_____	_____
Total:		_____	_____	_____	_____

### Household goods

	\$\$ Guideline	Your Cost	# Items	Value Today	Deduction
Bakeware	1.00 - 3.00	_____	_____	_____	_____
Bedspreads/Quilt	3.00 - 24.00	_____	_____	_____	_____
Blanket	3.00 - 15.00	_____	_____	_____	_____
Chair/sofa cover	15.00 - 35.00	_____	_____	_____	_____
Coffeemaker	4.00 - 15.00	_____	_____	_____	_____
Curtains	1.50 - 12.00	_____	_____	_____	_____
Drapes	6.50 - 40.00	_____	_____	_____	_____
Fireplace set	20.00 - 80.00	_____	_____	_____	_____
Floor lamp	6.00 - 50.00	_____	_____	_____	_____
Glass/cup	.50 - 1.50	_____	_____	_____	_____
Griddle	4.00 - 12.00	_____	_____	_____	_____
Kitchen utensils	.50 - 1.50	_____	_____	_____	_____
Mixer/blender	5.00 - 20.00	_____	_____	_____	_____
Total:		_____	_____	_____	_____

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## Missing Information: Non-Cash Charitable Contributions Worksheet (pg 3)

**Household., continued**

	\$\$ Guideline	Your Cost	# Items	Value Today	Deduction
Lamp	5.00 - 75.00	_____	_____	_____	_____
Pillow	2.00 - 8.00	_____	_____	_____	_____
Plate	.50 - 3.00	_____	_____	_____	_____
Pot/pan	1.00 - 3.00	_____	_____	_____	_____
Sheets	2.00 - 8.00	_____	_____	_____	_____
Throw rug	1.50 - 12.00	_____	_____	_____	_____
Towels	.50 - 4.00	_____	_____	_____	_____
_____		_____	_____	_____	_____
_____		_____	_____	_____	_____
_____		_____	_____	_____	_____
_____		_____	_____	_____	_____
Total:		_____	_____	_____	_____

**Miscellaneous**

	\$\$ Guideline	Your Cost	# Items	Value Today	Deduction
Answering machine	10.00 - 30.00	_____	_____	_____	_____
Bicycle	5.00 - 80.00	_____	_____	_____	_____
Board game	1.00 - 3.00	_____	_____	_____	_____
Book (paperback)	.75 - 1.50	_____	_____	_____	_____
Book (hardback)	1.00 - 3.00	_____	_____	_____	_____
CD	2.00 - 5.00	_____	_____	_____	_____
Computer monitor	5.00 - 50.00	_____	_____	_____	_____
Computer printer	5.00 - 150.00	_____	_____	_____	_____
Computer system	100.00 - 400.00	_____	_____	_____	_____
Copier	40.00 - 200.00	_____	_____	_____	_____
DVD	2.00 - 5.00	_____	_____	_____	_____
DVD player/VCR	8.00 - 15.00	_____	_____	_____	_____
Edger	5.00 - 25.00	_____	_____	_____	_____
Golf clubs	2.00 - 25.00	_____	_____	_____	_____
Ice skates	3.00 - 15.00	_____	_____	_____	_____
Luggage	5.00 - 15.00	_____	_____	_____	_____
Mower	25.00 - 100.00	_____	_____	_____	_____
Mower (riding)	100.00 - 300.00	_____	_____	_____	_____
Radio	7.50 - 50.00	_____	_____	_____	_____
Sewing machine	15.00 - 85.00	_____	_____	_____	_____
Stereo	15.00 - 75.00	_____	_____	_____	_____
Stuffed animal	.50 - 1.00	_____	_____	_____	_____
Tennis racket	2.00 - 5.00	_____	_____	_____	_____
Typewriter	5.00 - 25.00	_____	_____	_____	_____
Umbrella	2.00 - 6.00	_____	_____	_____	_____
Vacuum cleaner	15.00 - 65.00	_____	_____	_____	_____
_____		_____	_____	_____	_____
_____		_____	_____	_____	_____
_____		_____	_____	_____	_____
Total:		_____	_____	_____	_____

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**Missing Information: Non-Cash Charitable Contributions Worksheet (pg 4)**

**Men's Clothing**

	\$\$ Guideline	Your Cost	# Items	Value Today	Deduction
Jackets	7.50 - 25.00	_____	_____	_____	_____
Overcoats	15.00 - 60.00	_____	_____	_____	_____
Pajamas	2.00 - 8.00	_____	_____	_____	_____
Raincoats	5.00 - 20.00	_____	_____	_____	_____
Shirts	2.50 - 12.00	_____	_____	_____	_____
Shoes	3.50 - 25.00	_____	_____	_____	_____
Shorts	3.50 - 10.00	_____	_____	_____	_____
Slacks	5.00 - 12.00	_____	_____	_____	_____
Suits	15.00 - 60.00	_____	_____	_____	_____
Sweaters	2.50 - 12.00	_____	_____	_____	_____
Swim trunks	2.50 - 8.00	_____	_____	_____	_____
Tuxedo	10.00 - 60.00	_____	_____	_____	_____
Undershirts	1.00 - 3.00	_____	_____	_____	_____
Undershorts	1.00 - 3.00	_____	_____	_____	_____
_____		_____	_____	_____	_____
_____		_____	_____	_____	_____
Total:		_____	_____	_____	_____

**Women's Clothing**

	\$\$ Guideline	Your Cost	# Items	Value Today	Deduction
Bathing suits	4.00 - 12.00	_____	_____	_____	_____
Bathrobes	2.50 - 12.00	_____	_____	_____	_____
Blouse	2.50 - 12.00	_____	_____	_____	_____
Boots	2.00 - 5.00	_____	_____	_____	_____
Bras, undergarments	1.00 - 3.00	_____	_____	_____	_____
Coats	10.00 - 40.00	_____	_____	_____	_____
Dresses	4.00 - 20.00	_____	_____	_____	_____
Evening dresses	10.00 - 60.00	_____	_____	_____	_____
Foundation garmet	3.00 - 8.00	_____	_____	_____	_____
Fur coats	25.00 - 400.00	_____	_____	_____	_____
Fur hats	7.00 - 15.00	_____	_____	_____	_____
Handbags	2.00 - 20.00	_____	_____	_____	_____
Hats	1.00 - 8.00	_____	_____	_____	_____
Jackets	4.00 - 12.00	_____	_____	_____	_____
Nightgowns	4.00 - 12.00	_____	_____	_____	_____
Pant suits	6.50 - 25.00	_____	_____	_____	_____
Shoes	2.00 - 25.00	_____	_____	_____	_____
Skirts	3.00 - 8.00	_____	_____	_____	_____
Slacks	3.50 - 12.00	_____	_____	_____	_____
Slips	1.00 - 6.00	_____	_____	_____	_____
Socks	0.50 - 1.25	_____	_____	_____	_____
Suits	6.00 - 25.00	_____	_____	_____	_____
Sweaters	3.75 - 15.00	_____	_____	_____	_____
_____		_____	_____	_____	_____
_____		_____	_____	_____	_____
Total:		_____	_____	_____	_____

<b>Grand Total</b>	Your Cost	# Items	Value Today	Deduction
	_____	_____	_____	_____

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## BUSINESS

<b>Accounting Records</b>	<b>Retention Period</b>
Accounts payable.....	5 years
Accounts receivable.....	5 years
Audit reports.....	Permanent
Chart of accounts.....	Permanent
Depreciation schedules.....	Permanent
Expense records.....	5 years
Financial statements (annual).....	Permanent
Fixed asset purchases.....	Permanent
General ledger.....	Permanent
Inventory records.....	5 years <sup>1</sup>
Loan payment schedules.....	5 years
Purchase orders (1 copy).....	5 years
Sales records.....	5 years
Tax returns.....	5 Years

<b>Bank Records</b>	<b>Retention Period</b>
Bank reconciliations.....	5 years
Bank statements.....	5 years
Cancelled checks.....	5 years <sup>2</sup>
Electronic payment records.....	5 years

<b>Corporate Records</b>	<b>Retention Period</b>
Board minutes.....	Permanent
Bylaws.....	Permanent
Business licenses.....	Permanent
Contracts—major.....	Permanent
Contracts—minor.....	Life + 4 years
Insurance policies.....	Life + 3 years <sup>3</sup>
Leases/mortgages.....	Permanent
Patents/trademarks.....	Permanent
Shareholder records.....	Permanent
Stock registers.....	Permanent
Stock transactions.....	Permanent

<b>Employee Records</b>	<b>Retention Period</b>
Benefit plans.....	Permanent
Employee files (ex-employees).....	5 years <sup>4</sup>
Employment applications.....	3 years
Employment taxes.....	5 years
Payroll records.....	5 years
Pension/profit sharing plans.....	Permanent

<b>Real Property Records</b>	<b>Retention Period</b>
Construction records.....	Permanent
Leasehold improvements.....	Permanent
Lease payment records.....	Life + 4 years
Real estate purchases.....	Permanent

<sup>1</sup>Permanent for LIFO system.

<sup>2</sup>Permanent for real estate purchases.

<sup>3</sup>Check with your agent. Liability for prior years can vary.

<sup>4</sup>Or statute of limitations for employee lawsuits.

Tax returns can generally be audited for up to four years after filing and up to six years if the IRS suspects underreported income. It is wise to keep tax records at least five years after the tax year. Requirements for records kept electronically are the same as for paper records.

Generally, follow these recommended periods for various documents:

<b>Individual Records</b>	<b>Retention Period</b>
Tax returns (uncomplicated).....	5 years
Tax returns (all others).....	Permanent
W-2s.....	5 years
1099s.....	5 years
Cancelled checks supporting tax deductions.....	5 years
Bank deposit slips.....	5 years
Bank statements.....	5 years
Charitable contribution documentation.....	5 years
Credit card statements.....	5 years
Receipts, diaries, logs pertaining to tax return.....	5 years
Investment purchase and sales slip.....	Ownership period + 5 years
Dividend reinvestment Records.....	Ownership period + 5 years
Year-end brokerage statements.....	Ownership period + 5 years
Mutual fund annual statements.....	Ownership period + 5 years
Investment property purchase documents.....	Ownership period + 5 years
Home purchase documents.....	Ownership period + 5 years
Home improvement receipts and cancelled checks.....	Ownership period + 5 years
Home repair receipts and cancelled checks.....	Warranty period for item
Retirement plan annual reports.....	Permanent
IRA annual reports.....	Permanent
IRA nondeductible contributions Form 8606.....	Permanent
Insurance policies.....	Life of policy + 3 years <sup>1</sup>
Divorce documents.....	Permanent
Loans.....	Term of loan + 5 years
Estate planning documents.....	Permanent

<sup>1</sup> Check with your agent. Liability for prior years can vary.