



## HEATHER R CHAMBERS, CPA, INC

1230 East Wardlow Road \* Long Beach, California 90807

(562)424-4301 \* FAX (562)426-2922 Email heather.r.chambers@gmail.com

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Dear Valued Clients:

Greetings and salutations, happy holidays, and many happy returns of the day! Tax returns, that is! Yes, it is once again time to be thinking about year-end charitable giving, among other things, like whether you should sell that losing stock, or maybe sell that stock with a gain to make use of a prior capital loss carryover. Tax year 2016 at this time is not going to be significantly different than 2015, generally, unless you personally won the lottery or had a big increase in pay, two occurrences that can have a big effect on your taxes. All bets are off for future tax years.

So right now, if you haven't done so already, please find a large envelope or folder, and put it in a place where you can drop all Important Tax Documents into it as soon as they come in the mail. (You can open them, but put them in the folder.)

No matter whether you file your taxes early or later, you still will likely receive some of the following by mid-February:

W-2s	Brokerage 1099	Various other 1099s
1099-Int or Div	Brokerage statement	Unemployment 1099-G
1099-R	Mortgage Interest Form 1098	

Items that won't come in the mail in January:

- Your property tax bills that you paid in the prior year
- Receipts for cash and non-cash charitable contributions
- DMV registrations

If you have quite a few cash contributions, a listing would be very helpful. We don't need to see all your receipts, but you would need them in the event of an audit, for which you would also need a cancelled check, bank or credit card record and/or a letter from the donee to support your gifts. Make lists of things you gave away (to Goodwill, etc) that you have receipts for (which you should have done when you gave the items), so that valuations can be determined.

Now...don't forget where the folder is!

If you have rental property, fill out our Rental Schedule assuming we sent you one, or make a spreadsheet or listing of your expenses (and your income), and put that in the folder. You should include your property tax and insurance bills, and dates and amounts of any major purchases, improvements or repairs.

If you bought or sold real estate, you should include a copy of your HUD-1 (settlement statement) for each transaction.

Business mileage and total mileage driven for the year are also typically needed information. Check the ODO on January 1. The business mileage rate for 2016 is 54 cents per mile. Charitable mileage is 14 cents per mile.

Once again we have an Engagement Letter enclosed with this letter. Please review this letter, sign it and bring it with you to your tax appointment, or send it with your info if you mail it. It's a formality, but we are trying to be a little more proactive in this area, and we do appreciate your cooperation.

We had a record number of extension requests in 2015, partly because we have more clients. Extensions are nice, but they are only extensions to FILE, not to PAY. If you are expecting a refund, then you are okay, but should still file as soon as is feasible. If you expect to owe tax, you should make a payment with the extension. Some people have to wait for K-1s from partnerships or S-Corps, some for late-amended brokerage 1099s, but many just want to put off the inevitable. If you pay estimated taxes, there is a lot of figuring to do to keep from missing too many estimate due dates for the next year if you don't file the previous year early enough.



Don't be behind the 8-ball!

**Our privacy statement:**

We collect nonpublic personal information about you from the following sources:

- ♦ Information we receive from you on tax preparation worksheets, applications and other documents we use in preparing your tax returns or other forms;
- ♦ Information about your transactions with us, our affiliates, or others; and
- ♦ Information we receive from a consumer reporting agency.

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted by law, or as requested by you. We restrict access to nonpublic personal information about you to those members of our firm who need to know that information to provide services to you. We maintain physical, electronic and procedural safeguards that comply with federal regulations to guard your nonpublic personal information. Your confidence in us is important and we want you to know that your personal information is safe. If you have any questions or concerns about this, please contact us.



Be sure to keep us aware of your comings and goings if you move. Just pop us an email to let us know your new address, phone number and/or email, if there are changes. Also, if your tax return is being prepared and you haven't heard from us, please call or email to inquire, or check to see if we have emailed you questions. Communication is key!

Regarding moving, it seems that is a time when tax information or prior year returns disappear, so it would be wise to designate an "Important Papers" box to include the past couple of years of tax returns, and if the current year has not yet been filed, all current tax-related documents and lists of contributions or other deductible expenses. This box should be kept separate from everything else and closely monitored!

If you were not covered by a health insurance policy in 2016, you must either qualify for an exemption or you will be subject to a Shared Responsibility Payment, that will either increase your balance due or reduce your refund. Please provide us with any and all Forms 1095 that you receive. These could help reduce or eliminate the Shared Responsibility Payment, which will be fairly high for 2016 unless something changes.

IRA Distributions: If you are over age 70-1/2, don't forget to take your Required Minimum Distribution by Dec 31. The penalties for not doing so are severe...50% of the required amount. Having it set up to be distributed on a monthly or annual basis automatically is the best and safest way to ensure it is done. And having taxes withheld often makes sense.

IRA Contributions: The rules and limits are the same as last year, that is, you have until April 15 to make a contribution to any IRA for 2016. The maximum is \$5,500 (\$6,500 if over age 50), or your earned income from wages or self-employment if that is less. It can be traditional or Roth, or a combination of the two.

We recommend making your tax appointment early. We will be happy to schedule you for a future date. We look forward to seeing a lot of you, and hearing from those who can't physically come into the office.

We all wish you the merriest of holidays, however you celebrate! And may 2017 bring you continued health and prosperity.

With warm regards,

*Heather, Melody, Tracy and Mike*

PS: No letter would be complete without a joke or two, so:

*Children may be deductible, but they are still taxing.*

*Golf is a lot like taxes. You drive hard to get to the green and the wind up in the hole.*

