



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

DECEMBER 2017

Dear Valued Clients:

Hello again! Seems like we just did this, but 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 sell that stock with a gain to make use of a prior capital loss carryover. At this time, tax year 2017 is not going to be significantly different than 2016, unless you (personally) won the lottery, had a big increase in pay or a large capital gain. These occurrences can have a big effect on your taxes, and it would be smart to plan ahead if any of these apply to you. No matter what, we encourage you to read all (or most) of this letter.

It appears that this might be a year in which you may want to pay in December the property taxes on your home that are due in Feb, because that deduction is possibly on its way out, or at least limited to \$10,000. Also if the state income tax deduction disallowance goes through, paying your January estimated tax payment in December might be a good idea. Other tax concerns are still up in the air as we write this.



A note to all clients, but especially those who tend to procrastinate a bit:

The last few years have brought us many new clients. We are of course very glad about this, but it also presents a challenge. Obviously, it takes longer to get more tax returns done, and some practices we have followed in the past are becoming simply unworkable. We have had to make a few changes in order to save us time and deliver the best possible service to you. First, we can no longer allow clients to send us their tax documents a few (or one) at a time. You are still welcome to deliver your documents in person, by mail, or by email, but we must ask that you wait until you have all your documents together before sending them. We strive to get everyone's returns done on time, but with recent changes in corporate and partnership due dates, this is becoming more and more difficult. Therefore, if we receive your tax documents after April 1, and you want the return done by the April deadline, we will have to charge an additional fee. Furthermore, we are not able to guarantee they will be done by the due date. See below about extensions.

Now we need your full attention for these ACTION ITEMS-----

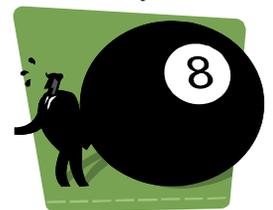
RIGHT NOW, if you haven't done so already, please find a large envelope, folder, or box, and put it in a place where you can place all Important Tax Documents into as soon as they come in the mail. (You should open them, but put them in the box.)

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 year-end statement
- Unemployment 1099-G
- 1099-R
- Mortgage Interest Form 1098
- * Brokerage 1099 might come later

Other common items, that won't come in the mail in January:

- Your property tax bills that you paid in the prior year (Make a copy to put in the box.)
- Receipts for cash and non-cash charitable contributions (Find and put in the box!)
- DMV registrations (It is helpful to have the actual bills for these.)



Don't be behind the 8-ball!

If you have quite a few charitable contributions, a listing with total 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. Also make lists of things you gave away (to Goodwill, etc) that you have receipts for (which you should have gotten when you gave the items), so that reasonable valuations can be determined.

Re EXTENSIONS: Please know that if you expect to owe a balance, it should be paid with an extension request to avoid late payment penalties. If you are expecting a refund, then you can just get the extension, but should still file as soon as is feasible. Some people are forced 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. In any case, the duty to file your tax returns rests on YOU, and we are here to help you with it, but we need your cooperation.

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 (or settlement statement) for each transaction.

Business mileage and total miles driven for the year are also typically needed information. Check and record the ODO reading every January 1. The business mileage rate for 2017 is 53.5 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.



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!

Please be aware that moving 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 2017, 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 2017 unless something changes. Ask us if you need to know about this.

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 2017. The maximum is \$5,500 (\$6,500 if over age 50), or your earned income from wages or self-employment if that is less. The maximum amount can be contributed to a 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 the many you who will come in, 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 2018 bring you continued health and prosperity.

With warm regards,

Heather, Melody, Mike, Tracy and Carrie



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

---I'm proud to be paying taxes in the United States; the only thing is - I could be just as proud for half the money. ---Arthur Godfrey

---No One Likes Paying Taxes - What Makes You So Special? ---Protest sign