

Tax Tips

Newsletter 2016-2017

The Rise of Identity Theft and Tax Scams

How to avoid being a victim

Each year, tax scams seem to run more and more rampant, making proper security and privacy protocols critically important. The most common form of identity theft is the use of personal information to fraudulently obtain government benefits and tax refunds.

The consequences of identity theft can be devastating and can cause an array of financial losses. Scammers can gain access to accounts that access money, including bank accounts, retirement accounts, investment accounts and PayPal accounts. This can ultimately affect your credit score.

Here are some methods often used by scammers:

- **Scare tactics.** Sophisticated hoaxers try to scare people into making immediate payments. They may threaten arrest, deportation or the revocation of your driver's license or professional license if you don't pay. Emails from scammers will often contain a fake IRS document with a phone number or email address to reply to.
- **Caller ID spoofs.** Scammers are known to alter caller IDs to make it appear that the IRS is calling. Callers will use IRS titles and fake badge numbers to appear legitimate. They may use online resources to get your personal information to make the call sound official.
- **Fake IRS letterhead.** Scam artists will copy official IRS letterhead to use in email or regular mail sent to victims.

Keep in mind, the IRS will **NEVER**:

- Call you about your tax bill without first sending you a bill in the mail. If you do receive a bill in the mail, contact our office.
- Demand that you pay taxes and not allow you to question or appeal the amount that you owe.
- Require that you pay your taxes a certain way. For instance, require that you pay with a prepaid debit card or any specific type of tender.
- Ask for credit or debit card numbers over the phone.
- Threaten to bring in police or other agencies to arrest you for not paying.
- Threaten you with a lawsuit.

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Jan – April 2017 Business Hours

Monday – Saturday 9am to 5 pm
Monday- Thursday Evenings (By Appointment)
Saturdays (Starting Feb 4 – By Appointment)

⇒ **SAVE \$5.00** on your tax preparation fee ⇒
ASK your preparer for details

More than anything, it's important to remember, never give away personal information by phone or email to an untrusted or suspicious source. If you have any questions on how you can protect yourself from identity theft, please let me know.

2017 TAX SEASON CHANGES

IRS to Delay Refunds

PATH ACT of 2015 requires the IRS to hold refunds for tax returns claiming the Earned Income Credit (EITC) or Additional Child Tax Credit (ACTC) until February 15th. The hold includes even the portion not associated with EITC or ACTC.

The IRS will begin releasing EITC/ACTC refunds starting *February 15th*. President's Day is February 20th and many financial institutions do not process payments on weekends or holidays further delaying refunds.

Refunds will not likely arrive in bank accounts or debit cards until the week of **February 27th** if the taxpayer chooses direct deposit.

Some tax refunds may be held longer if the IRS has questions or needs additional information to process.

Where's My Refund? on IRS.gov and IRS2Go mobile app are the best way to receive the current status.

Changes in due dates

- W2's and 1099's Misc are now due to the government by January 31, 2017
- Partnership returns are now due on March 15, 2017
- FBAR-Fin Cen 114 is now due on April 15, 2017 (if you have a foreign bank account)

Claiming the Child Tax Credit (CTC) and/or American Opportunity Credit (AOTC)?

The IRS has implemented additional due diligence requirements . . . what does this mean?

Tax professionals will be asking **more** questions to verify eligibility. This is the IRS's attempt to detect tax fraud.

Following are some of the "tests" to determine eligibility for the CTC:

- **Age Test.** A child must have been under age 17 on December 31, 2016.
- **Relationship Test.** The child must be either your son, daughter, stepchild, foster child, brother, sister, stepbrother, stepsister or a descendant of any of these individuals.
- **Support Test.** The child must not have provided more than one-half of his or her own support.
- **Dependent Test.** You must claim the child as your dependent on your federal tax return.
- **Citizenship Test.** The child must be a U.S. citizen or national, or resident of the U.S., Canada or Mexico.
- **Residence Test.** Generally, the child must have lived with you for more than half of 2016.

The maximum AOTC is \$2,500.00 per student. The student must:

- Be pursuing a degree
- Be enrolled at least half time for at least one academic period in 2017
- Not have finished first 4 years of higher education
- Not have claimed the AOTC or former HOPE credit for more than 4 years
- Not have a felony drug conviction
- **Must have the 1098T from the school**
- **Must have a printout from the school that shows charges, scholarships and all payments**
- In addition to the eligibility requirements above, there are also income limits for claiming these credits. Your preparer can help you determine whether your income qualifies you for these credits.

Daycare Meals	7/1/15-6/30/16	7/1/16-6/30/17
Breakfast	1.31	Will be posted on the website when available
Lunch/Dinner	2.47	
Snack	.73	

<i>STANDARD MILEAGE RATES 2016-2017</i>	2016	2017
Business	54¢	53.5¢
Medical & Moving	19¢	17¢
Charitable	14¢	14¢

The Advance Premium Tax Credit

Be sure to report changes in circumstance to avoid receiving too much or too little

If you purchased 2016 health care coverage through the Health Insurance Marketplace, you may have chosen to have advance payments of the premium tax credit paid to your insurance company to lower the monthly premiums. If this is the case, it's important to let the Marketplace know about significant life events, also known as changes in circumstance.

These changes may affect the premium tax credit. Reporting the changes will help you avoid getting too much or too little advance payment of the premium tax credit.

Changes in circumstance that should be reported to the Marketplace include:

- An increase or decrease in income.
- Marriage or divorce.
- The birth or adoption of a child.
- Starting a job with an employer that offers health insurance.
- Gaining or losing eligibility for other health care coverage.
- Change of residence.

If you purchased insurance from the Marketplace you will receive a 1095A. They are due to taxpayers by January 31, 2017. We **MUST** have the 1095A to prepare your tax return properly. Feel free to call the office if you have any questions regarding the premium tax credit.

Just A Reminder to ALL clients:

Please bring your property tax statements to your tax professional. If you do not receive them in the mail, please contact your township or city office to get a copy of both winter and summer taxes. You as the taxpayer can get a free copy but most township offices charge us a fee.