

Tax Tips

Newsletter 2017-2018

From Deanna's Desk

The Hawkins Accounting office is open and ready to begin a new tax season.

My staff and I are looking forward to helping you with your 2017 tax needs. The tax professionals, **Liz Wetzel, Beverly McEntire, Kathy Johnson, Linda Kline, Garry Wieber** and **Kelly Bagby** are returning for this tax season. I would like to introduce **Theo Nash** who is joining our staff. Although this is **Theo's** first year with Hawkins Accounting, he comes with years of experience.

Sandy Cole, our office manager, is also a tax professional, and will be available to answer your income tax questions.

Liz, Linda, Sandy and **Theo**, have education and experience in clergy taxation, and will be working in this area. This will allow Hawkins Accounting to expand in clergy taxation. Hawkins Accounting is a leader in this area.

Kelly Bagby is experienced in Trust and Estate taxation. She prepares all the Trust and Estate tax returns for Hawkins Accounting. The need in this area is growing and I want to let everyone know that **Kelly** is one of the most qualified professionals in Trusts and Estate Taxation.

The Accounting & Support Staff includes:

Darlene Wilkinson, Judy Bostedor, Brenda Brown, Annmarie Wilbon, Phyllis Augenstein, Ken Bostedor, Shelly Lewis, Sarah Maxwell, Warren Hawkins, and Brad Lewis

These are the people that make the office run smoothly and efficiently.

I am modifying my appointments to a more manageable schedule: I am **NOT** retiring. **I will be here with the staff to continue to provide the excellent tax planning and preparation that you have come to expect from Hawkins Accounting.**

Standard mileage rates 2017- 2018	2017	2018
Business	53.5¢	54.5¢
Medical & Moving	17¢	18¢
Charitable	14¢	14¢

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Jan – April 2018 Business Hours

Monday – Saturday 9am to 5 pm
Monday- Thursday Evenings (By Appointment)
Saturdays (Starting Feb 3 – By Appointment)

Have you received a letter or notice from the IRS or State of Michigan???

Let us help you respond to the letter or notice. Please bring the letter or notice to our office immediately. **Time is of the essence.** Many responses to these notices require further documentation and/or research in order to compose a complete and concise response. Letters or notices can be provided to our office by any of the following ways:

- In person;
- Place in drop box located on side door;
- E-mail: office@hawkinsaccounting.com;
- Fax: 517-782-0360; or
- Upload to your portal account at HawkinsAccounting.com.

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.

MICHIGAN 6% SALES TAX INFORMATION:

Have you started a business in 2017?

Does your existing business sell taxable items and merchandise?

Any Michigan business that collects 6% Michigan Sales Tax on items sold must file an annual return. We can prepare your MICHIGAN ANNUAL SALES TAX RETURN that is due by February 28 each year. Please call Darlene for more details and to make your appointment before February 12, 2018.

BEWARE: Income Tax Scams

Tax scams are rising and can occur by telephone, e-mail or by regular mail. IRS impersonators will use any means necessary to scam money including bullying, intimidation, arrest threats, and deportation. PLEASE be vigilant and remember, the IRS will **never** do any of the following:

- Call you to demand immediate payment;
- Demand payment in the form of prepaid debit cards, gift cards or wire transfer;
- Threaten to have you arrested by local police or any other law enforcement group;
- Ask for your credit or debit card number over the phone; or
- Demand you pay a tax bill without the chance to question or appeal the amount owed.

High-Low Per Diem Rates			
Effective 10/1/16 - 9/30/17			
Location	Lodging	Meals	Total
High-Cost	214.00	68.00	282.00
All other	132.00	57.00	189.00

We like when you send us information.

Before you upload and hit send take a minute to review your information to make sure it is legible and complete. This will enable us to complete your return without delay because we couldn't read your information. Remember, if you can't read it, neither can we.

Daycare Meals	7/1/16-6/30/17	7/1/17-6/30/18
Breakfast	1.31	1.31
Lunch/Dinner	2.46	2.46
Snack	.73	.73

Claiming the EARNED INCOME TAX CREDIT (EITC)

or

ADDITIONAL CHILD TAX CREDIT (ACTC)

Taxpayers claiming these credits should expect refunds to be available on or about **February 27, 2018**, provided the refund is to be direct deposited and there are no other issues with the tax return. The PATH Act enacted in 2017 requires the IRS to hold refunds - even the portion not associated with EITC or ACTC until mid-February.

An Age To Remember

Knowing key tax birthdays can help trim your annual tax bills. Below are some ages worth noting.

*** Age 0 ***

If your child is born during the year, even as late as 11:59 p.m. on December 31, you can claim a dependency exemption for your child. This comes with one catch. You need to file for the child's social security number (SSN) and include it on your tax return. If you don't, the dependency exemption is denied, along with any potential for certain tax credits. If your dependent doesn't have and can't get an SSN, you must show the individual taxpayer identification number (ITIN) or adoption taxpayer identification number (ATIN) instead of an SSN.

*** Age 0-12 ***

The good news is you gain tax advantages by contributing to your employer's flexible spending account to cover child care expenses, or you may qualify for a child care credit on your tax return. The bad news is that any investment income over \$2,100 in your child's name is taxed at your rate until the child reaches age 27.

*** Age 13 ***

Once your child reaches age 13, you no longer qualify to take the child care credit. Eligibility is determined on a daily basis.

*** Age 16 ***

This is the last year your child qualifies you for the \$1,000 child tax credit.

*** Age 18 ***

If you own a business, you can pay your children to work for you and avoid paying Social Security and Medicare taxes on their wages. Once they reach age 18, you are required to withhold payroll taxes like any other employee.

*** Age 27 ***

At this age, children are taxed at their own rates on investment income. In addition, they are no longer eligible for their parents' health insurance benefits.

*** Age 50 ***

Congratulations. Not only have you reached the half century mark, you can contribute an additional \$1,000 to your IRA, bringing the total contribution limit to \$6,500.

*** Age 55 ***

You and your covered spouse are eligible to make an additional \$1,000 contribution to your HSA.

*** Age 59 1/2 ***

This is the magic age when you may take money from IRAs and retirement plans without incurring the additional 10% penalty for early distributions. There are exceptions to the penalties if you are younger, but this is the age when you may take penalty-free distributions for any reason.

*** Age 65 ***

Once you reach age 65, you qualify for an additional standard deduction and, if certain conditions exist, a tax credit. For tax purposes, you are considered to reach age 65 on the day before your 65th birthday.

*** Age 70 1/2 ***

At this age, you are required to begin distributions from your traditional IRA. If you have a Roth IRA, this rule doesn't apply. If you have a retirement plan with your employer, you are still working, and you do not own more than 5% of the company, you can delay distributions even if you reach age 70½.