Volume 1, Issue 1

January, 2019

FACTS-5

2019 Tax News

What's New for '19

Tax Filing—that game has changed. Gone is Form 1040-EZ and Form 1040-A. Now everyone must use the all new Form 1040. On first glance it looks like a very short form, but actually it is a huge form with 6 individual schedules PLUS all of the other forms and schedules that have always accompanied the standard Form 1040. Then our government threw in a few new forms for our enjoyment, and you have the makings of one huge mess. We accountants are loving it, but I have serious doubts that some of you will.

The staff at ***FACTS-5*** has prepared for these sweeping changes and we are geared up to assist all of you work through the web of confusion. We expect that many self-employed business folks will be filing extensions this year as IRS is STILL working through promulgating regulations for a new deduction code named Section 199A Deduction (see article in this newsletter).

These new laws have created new challenges for us too. I will be changing how I personally do business so that I can spend more time seeing more self-employed people to help explain these new laws.

This tax season, I will be utilizing our lead accountant, Karmen Bodin to handle the data processing of my clients, and I will do the tax consulting with these clients. Karmen is a licensed CPA and holds an MBA degree from UL. She is well known to all of our accounting clients and is extremely smart.

With Karmen's assistance, I will be free to visit with Jaimmie's business clients and help them work through the new business tax laws that may affect them.

So you are asking, will all of these new laws prove helpful to me? For many of you, the answer will be yes. If you are gainfully self-employed—definitely. If you have rental property, you will be happy too. If you are a pipeliner, oil field worker, salesman, or other occupation that has to use their auto or travel and are not reimbursed by their employer, you will NOT be a happy camper.

You see, all auto and travel expenses for anyone who is a common law employee of a company has lost the ability to take a deduction for those expenses. This is a huge take away for many of you and will reduce the number of taxpayers who can itemize their deduction significantly.

As a result, many of you may notice that your tax preparation fee will be reduced significantly too. We estimate that 60% of our clients will be happy with our reduced fee for preparing their 2018 tax return. Our business clients and those who have rental income will see a mixed bag of changes in their prep fees. Some might be the same as last year and others will see a small increase due to the new Section 199A deduction.

Our firm has not increased our fees for yet another year. Any fee increase you might have will be the result of new forms added by the tax reform act—and those are primarily on business returns.

I want you to know that we truly appreciate you allowing ***FACTS-5*** to serve your tax preparation needs. We realize that you have a choice, and you have chosen us. We never take that choice for granted and look forward to serving you again.

Inside this issue:

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2019 Tax News

Business Taxes

By: Pam Chauvin-Trahan

Just when you were starting to get comfortable with your annual chore of tax filing, things changed. Enter the Tax Cuts and Jobs Act (TCJA) which in print runs 274 pages. Over the past year, you've heard about updates ranging from tax rates to deductions . . . and your head is spinning.

Not that you've ever loved tax season (who does?), but now you're really dreading it.

Don't worry, just stick with us, and we'll break down the details so you understand what's changed and how those changes impact you now that it's 2019!

Some of the tax changes this year will affect all businesses. I've heard from many of you that you rarely watch the news or read tweets, but if you run a small business, you do need to understand the tax reform that came into effect on January 1, 2018. This legislation changes how much tax your business pays, and removes a few tax deductions too (sorry, no more writing off golf games with clients). Here are just the essentials of how this affects small businesses, and the action you can take to make the most of it.

How the tax reform affects C corporations

The TCJA is great news if you own a C Corporation—the corporate income tax rate has been reduced to a flat rate of 21%. So, whether your C Corporation earns $1 in 2018, or $800,000,000, corporations will pay **21%** of that amount in income tax. *Note that the top individual tax rate is 37%.*

How the TCJA affects pass-through entities

If your company is a pass-through entity, the most significant TCJA change is a tax deduction of up to 20%—if you qualify for it. (For more detail see Don's Article on page 7). Put simply, a pass-through entity is any company with a business structure other than a C corporation. Sole proprietors, limited liability companies (LLCs), S corporations, and partnerships are all considered pass-through entities.

How the tax reform affects tax deductions

The TCJA completely eliminates some common expense deductions for businesses. Other expense deductions are cut in half.

In 2017, employee transit and parking benefits were 100% deductible. Now, they can't be deducted at all (except reimbursable costs, like parking downtown in another city for a business meeting—that's still 100% deductible.)

Also, client entertainment expenses used to be 50% deductible. But as of 2018, you cannot deduct any client entertainment costs from your taxes—including golf games, football games, concert tickets, and any other form of client entertainment. However, the 50% expense deduction for client meals is still in effect (special restrictions apply).

One other deduction has been reduced, but not entirely eliminated. In the past, when employers

(Continued on page 3)

What's New for 2018

Form 1040 redesigned.

Form 1040 has been redesigned for 2018.

Forms 1040A and 1040EZ no longer available.

Forms 1040A and 1040EZ aren't available to file your 2018 taxes. If you used one of these forms in the past, you'll now file Form 1040.

Health flexible spending arrangements (health FSAs) under cafeteria plans.

For tax years beginning in 2018, the dollar limitation under section 125(i) on voluntary employee salary reductions for contributions to health FSAs is $2,650.

Type of Expense	2017 (Old Rules)	2018 (New Rules)
Entertaining Clients (Concert tickets, golf games, etc)	50% Deductible	0% Deductible
Office Snacks and Meals	100% Deductible	50% Deductible
Company-Wide Party	100% Deductible	100% Deductible
Meals & Entertainment (Included in Compensation	100% Deductible	100% Deductible
Transportation Fringe Benefits (Transit passes, employee parking, etc)	100% Deductible	0% Deductible

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provided employees with office snacks and meals at work, they were able to deduct 100% of the cost. That's been reduced to 50%.

You can now deduct more for car depreciation

Thanks to the TCJA, business owners who buy a passenger vehicle for work purposes in 2018 or later benefit from a significantly higher depreciation allowance.

Some perspective: the maximum first year depreciation allowance in 2017 was $10,000. Starting in 2018, it's $18,000.

The depreciation allowances for your second, third, fourth, and additional years of owning a passenger vehicle for work have also been increased. However if you buy a "Heavy" vehicle such as purchasing a large SUVS, pickups and vans can provide major tax advantages. Thanks to the unlimited 100% first-year bonus depreciation break for qualified assets that are acquired and placed in service between September 28, 2017, and December 31, 2022, you can generally write off 100% of the cost of a new or used heavy SUV, pickup or van that's acquired and placed in service in current tax year on this year's corporate tax return. The IRS tends to be strict in its documentation requirements for auto expense deductions. For this reason, you'll need to keep a thorough, accurate mileage log each year you attempt to claim a deduction. Your mileage log must include the starting mileage on your vehicle's odometer at the beginning of the year and its ending mileage at the conclusion of the year. Each time you use your vehicle for business purposes, you must record the following information:

- The date of your trip
- Your starting point
- Your destination
- The purpose of your trip
- Your vehicle's starting mileage
- Your vehicle's ending mileage
- Tolls or other trip-related costs

You can keep a mileage log in a notebook and update it by hand, or use a spreadsheet to continuously track your mileage. You can also use a mileage-tracking app. The key is to update your records regularly to ensure that they are precise. Additionally, the IRS requires you to keep your mileage log for three years from the date on which you file the income tax return containing your deduction. Your mileage log must provide information to establish the percentage of business use of your vehicle.

It is worth noting that other aspects of the TCJA that aren't mentioned here can affect your business. However, the changes outlined above are the ones that will have an effect on the vast majority of small businesses.

The Takeaway…. The TCJA is a complex and far-reaching piece of legislation. Be sure to contact our office before making any major business decisions.

New Standard Mileage Rates Now Available Business Rate to be increased in 2019

The standard mileage rate has been increased for 2018 and for 2019. The Standard Mileage Rate for your business miles is 54.5¢ for 2018. In 2019 your standard mileage rate will increase to 58¢. You will use these rates for all business related auto miles.

Did you know that you can also deduct miles for medical purposes? You can take an 18¢ deduction for every mile you put on your car which was for medical purposes—all medical purposes. This is the 2018 rate. For 2019 that rate is increased to 20¢ per mile.

To nail down this deduction, you need to make a **contemporaneous** log of all your miles driven. This means that you must log your miles as they occur. Yes, you should include odometer readings in your log.

We can provide you with a log book to help you track your miles. Ask for one on your next visit.

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2019 Tax News

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FACTS-5

2019 Tax News

What's New for Individual Taxpayers

By: Pamela Chauvin-Trahan

Whew! We made it through 2018, the first full year that the latest major tax law changes were in effect. Now we're about to see, depending on when Congress and the White House can agree to get the government (including the Internal Revenue Service) fully operational, the true financial affects this new legislation will have on the average household.

As tax filing season begins, you'll likely hear from many elected officials about how the 2017 Tax Cuts and Jobs Act helped them achieve the goal of "simplifying" the tax code by fitting the IRS Form 1040 on a postcard. Everyone seems to think that the new "postcard" return will make income tax preparation easier! Not true. In fact, by at least one measure, it will be harder: The instructions for the 2018 Form 1040 are 117 pages, 10 pages longer than in 2017. The postcard is a two-sided 5x7 inch piece of paper and is accompanied by an additional 6 schedules that the IRS form writers had to invent to squeeze the 2018 Form 1040 on to that oversized postcard.


1040 U.S. Individual Income Tax Return 2018

In addition to the 6 new schedules we still have the old schedules A, B, C, D, etc., which have not gone anywhere. Nor have any of the other forms for reporting Health Savings Account contributions, foreign tax credits, child care expenses, and on and on. How much simpler is this? Postcard achieved, but simplification not so much.

Here's a rundown of what Americans need to know about the recent tax changes that could affect individual taxpayers in the upcoming tax season. Changes made on the corporate side won't affect your tax return, so we will focus on the individual filer in this article. Note that these changes, which are mandated by the new tax legislation for individual filers, are set to expire in 2025, unless they get extended.

Form W-4: The new Federal withholding tables were designed to lower your total tax bill for the year by giving you a slightly bigger paycheck throughout the year. Unfortunately, they were not designed to give you a refund at year end, and for those of you that did not heed our warnings to change your withholding on your W-4, your refund will be very small (if any) because you already received it in bits and pieces through larger paychecks throughout the year (average increase in pay was between $10 -$30 per paycheck).

Tax Rates: One of the headline changes made by the Tax Cuts and Jobs Act was a general

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Meet Don and Karmen's Administrative Assistant

Hello everyone! My name is Paige Abshire and I will be serving as Don Chauvin and Karmen Bodin's Administrative Assistant this tax season. In December of 2017, I graduated from the University of Louisiana at Lafayette with a Bachelor's of Science in Business Administration with a focus in Economics. I first became interested in Business and Economics during high school as I worked for my parents, Brady & Melinda Abshire, in the family business started 50 years ago by my grandfather, Truman Abshire. I am looking forward to learning more about the tax and accounting arena as I pursue my career and possibly my CPA license. I'll also be assisting Karmen during the off season with accounting and payroll. Should you need anything during this 2019 Tax Season, please do not hesitate to ask, as I'll be on the front line ready to help you!

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DIVORCE:
Internal Revenue Service vs. the State of Louisiana

By: Karmen Bodin, CPA, MBA

As the divorce rate in the U.S. steadily climbs, divorced taxpayers with children are having to rely on the State Court System to prepare detailed court documents regarding custody, child support, alimony and income tax dependency exemptions. These days most courts are splitting the exemptions for the children 50% between the mother and father by ordering each party to alternate the tax years for claiming the children.

If the parties **always** agree to the alternate years and/or some other custodial arrangement that the court solidified with a Judgment, there should be no issues throughout the years of future tax filings. However, as the children age and become more and more costly to raise, the divorced taxpayers may find themselves in disagreement over claiming the children for income tax purposes. As the tax benefits for qualifying children increase and become more beneficial to the taxpayer, arguments between the parties rise.

The Internal Revenue Service (IRS) currently requires a Form 8332, Release/Revocation of Release of Claim to Exemption for Child by Custodial Parent, to be signed by the custodial parent and submitted with each tax return of the non-custodial parent when that parent claims the qualifying child. In the event, both parents claim the qualifying child, the IRS will notify each taxpayer of the error thereby allowing each party an opportunity to amend their respective tax returns. Should the taxpayers fail to agree and provide an amended return, the IRS will allow the qualifying child to be claimed by the custodial parent whether or not the State's divorce decree designates which parent receives the exemption in relation to that tax year. The IRS wins!

The reasoning behind the IRS' decision to allow the custodial parent the exemption in an instance where both parents claim the child, relates to the Residency Test and the definition of the term custodial. Custodial means relating to or having parental responsibility or guardianship. The IRS claims that the custodial parent by definition will automatically meet the Residency test of the child because it is assumed the child spends more than one-half of the tax year with the court's designated custodial parent.

The IRS' determination can be detrimental to the non-custodial parent because of the loss of many beneficial tax incentives and credits that a qualifying child offers the taxpayer. Benefits such as claiming Head of Household filing status, the Child Tax Credit, the Additional Child Tax Credit, the Earned Income Credit and other Educational and Dependent Credits are lost to a taxpayer without a qualifying child. If the State's divorce decree is violated because of the IRS' allowance of the exemption to the custodial parent, the only recourse for the non-custodial parent is to take the custodial parent back to Court.

2019 Tax News

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lowering of U.S. tax rates. While the number of tax brackets remained at seven, the rates were slightly lowered, with the exception of the minimum tax rate staying at 10% for the poorest Americans. In addition to lower tax rates, the income thresholds were increased, particularly at the higher tax brackets. In other words, the highest tax brackets now apply to fewer (higher-earning) Americans than it did previously. For example, before the passage of the Tax Cuts and Jobs Act, the top tax rate was 39.6% and applied to married couples filing jointly who earned more than $480,050. With tax reform, that top rate was lowered to 37% and only applies to married couples making more than $600,000 in taxable income, much more income than before.

2018 Federal Marginal Tax Rates

Income Tax Rates for 2018			
Taxable Income			
Single Taxpayers	Married Filing Jointly	Ordinary Income	Capital Gains and Qualified Dividends
$0 - $9,525	$0 - $19,050	10%	0%
$9,526 - $38,700	$19,051 - $77,400	12%	
$38,701 - $82,500	$77,401 - $165,000	22%	15%
$82,501 - $157,500	$165,001 - $315,000	24%	
$157,501 - $200,000	$315,001 - $400,000	32%	
$200,001 - $425.800	$400,001 - $479,000	35%	
$425,801 - $500,000	$479,001 - $600,000		20%
$500,001+	$600,001+	37%	

Personal Exemptions: Gone! Personal exemption is – or was – a set amount you could deduct for every taxpayer and dependent on your 2017 or prior tax return. The TCJA eliminated exemptions, at least through 2025, the last year of the tax reform law's enactment unless extended by Congress and the White House. Even though the new tax law widened tax brackets to push more people into lower tax rates, doubled the child tax credit and created a new credit for non-child dependents, the loss of exemptions could hurt larger families.

Child Tax Credit: The child tax credit doubles to $2,000 per qualifying child! Up to $1,400 of the child tax credit can be received as refundable credit (meaning it can go toward a tax refund). The new rule also includes a $500 nonrefundable credit per dependent other than a qualifying child.

Itemized Deductions: The ability to itemize deductions has been dramatically decreased because the new law provides a much larger standard deduction. (You are allowed to deduct the greater of the two). Standard deductions for all nearly double under the new rules. Individuals see standard deductions rise to $12,000; for heads of household, it rises to $18,000; and for married couples filing jointly the standard deduction increases to $24,000. In exchange you had to give up the personal and dependent exemption.

SALT (State and Local Taxes):

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2019 Tax News

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Taxpayers are limited to claiming an itemized deduction of $10,000 in combined state and local income, sales and property taxes. Old law had no limits on the SALT deduction.

Home Mortgage Interest: New homeowners can include mortgage interest paid on up to $750,000 of principal value on a new home in their itemized deductions. The old, $1 million caps continues to apply to current homeowners (those who took out their mortgages on or before Dec. 15, 2017), as well as refinancing on mortgages taken out on or before Dec. 15, 2017, as long as the new mortgage amount does not exceed the amount of debt being refinanced. Homeowners CAN deduct interest paid on a home equity line of credit or home equity loan, so long as the loan was used to buy, build or substantially improve your home.

Casualty & Thefts: Individuals who sustained damage from a storm of any size could claim uninsured loss amounts as an itemized deduction under the old law. This tax deduction, officially known as nonbusiness casualties and thefts, was available for various claims of property losses, ranging from those caused by fire, shipwreck, other casualties or theft, including larceny, embezzlement, robbery and Ponzi-type investment schemes. The TCJA changed that. It modified this itemized deduction so that it now is available **only** to taxpayers who suffered losses **from a federally declared disaster**. This casualty loss tax revision leaves folks in the unenviable position of hoping for all or nothing when it comes to storms. If they are spared, good for many, many reasons, including not needing tax help to recover. But if they're in the terrible position of sustaining serious, but not officially federally declared major disaster, they won't be able to get any tax help to offset their uninsured losses.

Miscellaneous Itemized Deductions: Bye-bye Form 2106! Major changes were made to the itemized deductions that can be claimed on Schedule A. One of the biggies for many workers is the elimination of the miscellaneous expenses claim for unreimbursed business expenses. This means employees no longer can write off the cost paid out of their own pockets for work-related items such as uniforms, union dues, tools, supplies, and business-related meals, entertainment and travel. Also in the now-nixed miscellaneous deduction category is the price you pay for professional tax preparation, investment advisory or attorney fees.

Moving Expenses: If you moved for a job, Uncle Sam helped pay for your relocation by allowing you to deduct moving expenses. No longer. This above-the-line deduction now is available only for active-duty members of the U.S. armed forces who are ordered to relocate. This not only applies to the claims previously made on filers' 1040 forms, but also now means that if your boss covers your moving costs, that amount will be counted as taxable income with no allowed offset.

Energy Credits: Most home-related energy efficiency credits are now expired, but an incredible 30% Federal credit still exists for solar, wind and geothermal costs; and a $7,500 Federal credit for buying a fully electric car still applies through the end of 2018.

Individual Mandate: Yes, you were still required to maintain health insurance for every member of your family for 2018 or face a potential penalty. However, the individual mandate is out starting Jan. 1, 2019, and consumers who do not purchase health insurance will no longer face penalties in 2019.

What's New for 2019

Repeal of deduction for alimony payments and corresponding inclusion in gross income.

Alimony received will no longer be included in your income if you entered into a divorce or separation agreement on or before December 31, 2018, **and** the agreement is changed after December 31, 2018, to expressly provide that alimony received isn't included in your income. Alimony received will also not be included in income if a divorce or separation agreement is entered into after December 31, 2018.

Public safety officers.

A plan attributable to the officer's spouse, former spouse, and child of a public safety officer killed in the line of duty can exclude from gross income survivor benefits received from a governmental section 401 service.

A public safety officer that's permanently and totally disabled or killed in the line of duty and a surviving spouse or child can exclude from income death or disability benefits received from the Federal Bureau of Justice Assistance or death benefits paid by a state program.

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FACTS-5

Introducing Section 199A

By: Don Chauvin

One of the big changes in tax law took affect on January 1, 2018. It is known as the Section 199A deduction. To over simplify it—every business person can take a 20% deduction for their business profits. Business person includes anyone who is self-employed or has rental property as well as those involved with a flow through business such as LLCs, Partnerships, and Sub S Corporations.

For some of you, certain kind of businesses have a limit on this deduction that occurs once your TAXABLE INCOME reaches $315,000 on a joint tax return or $157,500 on a single taxpayer return.

But if your taxable income doesn't exceed those limits, **ALL** businesses can exclude 20% of their net income. There is nothing simple about this new Section 199A deduction, so my explanation above is a grossly simplified explanation.

What do we need from you to compute this great deduction? Naturally we will need to compute your NET INCOME from your business or rentals. In addition, we will need a copy of your company's W3 and W2s you issued to all of your employees. We will need to know your TOTAL INVESTMENT into your business.

If you are a member of a partnership, LLC, and/or a Sub S Corporation, we will need your completed Form K1 from each of those entities. The K1 should also show your proportional share of wages and investment into each particular entity.

This section of law is so new and so complicated, that the IRS is still working on finalizing regulations to help you and I live with it. For that reason, we doubt that any business person should file their return until some time in March.

I know that some of you will say this is bull and you want to file early. Certainly you can do that, but should you? We suggest not. You will pay to file an incomplete return and have to amend later to correct the misfiled return. You also could be penalized for not computing your Section 199A deduction correctly.

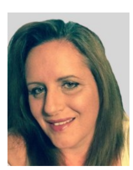
If you have a complex Schedule C or Schedule F (farm), be prepared to get an extension this year. There are MANY good reasons why businesses should ALWAYS get an extension and Section 199A is yet another. Remember, an extension is never an extension of time to pay, only an extension of time to file. You must pay in an amount equal to at least 90% of what you expect to owe, or your extension is not valid.

2019 Tax News

Meet our new staff members

We want to introduce you to Cynthia Anderson who will handle data entry for all tax preparers. Cynthia has several years of experience in the tax preparation industry. She may call you to discuss any missing information or with questions your tax accountant may have.

We are fortunate that we were able to find someone with her skill sets to fill this valuable position. Your tax data is important to us and you will find Cynthia a pleasure to work with. She is a welcome addition to our staff.



Dawn Roussel will fill the role as Administrative Assistant to Pam and Jaimmie this season. Dawn, who is from Kaplan, has been handling the booking of appointments for Pam and Jaimmie and will be your contact person for you to reach your tax preparer.

We use our administrative assistants to get you quick answers to your questions. Each of our tax preparers have appointments throughout the day and these assistants can get answers for you in a quick and efficient way. Take advantage of this resource. Dawn and Paige look forward to helping you!

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The sheets that follow this page are being provided for your convenience. Normally when you visit us each year, we need you to fill out and sign various forms before we can prepare your return. We are providing those forms to you for you to complete before you come in. It is important that if you are filing a joint tax return, both you and your spouse need to sign where provided.

You will also find our itemized deduction worksheet. This worksheet is a good guide to help you get the biggest refund possible. We suggest you complete it as best you can, then bring it in or upload it through our web portal—***Intuit.Link***. If you have not been granted access to ***Link***, simply call 337-893-6798 and we will help you get started using this secure portal. It really is easy to use and very convenient.

Quick Reminders

By: Pam Chauvin-Trahan

Goodbye to the rainy days 2018 and hello 2019, it's "tax time," and the staff of ***FACTS-5*** is looking forward to assisting you with your tax return again this year.
You should note that the 2018 tax season opens on January 28, 2019. For clients who claim the Earned Income Tax Credit or the Additional Child Tax Credit you may experience a refund hold. According to the Protecting Americans from Tax Hikes (PATH) Act, the IRS cannot issue these refunds before mid-February. The IRS expects the earliest EITC/ACTC related refunds to be available for deposit into your bank accounts starting February 27, 2019, provided that there are no other issues with the tax return. The filing deadline to submit 2018 tax returns is Monday, April 15, 2019.

Last tax season we proudly announced our new complimentary client portal powered through Intuit Link. https://link.intuit.com/login/#/signin. This client portal offered each client a unique and secure way of sharing documents with us using a smartphone, tablet, laptop, or computer. Our goal has always been to continue refining our technology to better serve you. Many of you took advantage of this time saving feature and your feedback was positive. If you created an account last year then there is no need to create a new account; just log in and choose "Tax Year 2018". For those of you that did not utilize this convenient option, it's not too late. To initially access the portal, you must be invited by our office. After you have scheduled your appointment with our office, Paige or Dawn will send you an invitation to sign up for Intuit Link. Upon accepting your invite, you will be able to share your tax documents through your secure web based client portal. There you will find a checklist of items requested by our office based on the prior year tax filing along with IRS required disclosures that need to be signed and returned to our office. We will be utilizing Intuit Link to send you other signature forms, as well ask you questions and to request additional documents. You will also have access to current and prior year tax returns; no more calling our office to get it, just log on anytime! You may complete all requests at your leisure. You can access your portal 24/7! Please check your email for your Intuit Link invite. Registration is simple; just use your email address and a password of your choice.

Important reminders:

- Make your appointment early. The sooner your tax return is filed, the sooner your refund will be on its way to you—or, if you have an amount due, you will know where you stand without any last-minute surprises. If you are missing some information, we can begin your tax return and you can supply the final items when you receive them.
- ALL tax documents and consent forms must be delivered to our office ONE WEEK PRIOR to your appointment! This will allow us to make the necessary scheduling adjustments and insure we have your return prepared before April 15th. Unfortunately, if you do not bring us your documents as required, we will be forced to reschedule your appointment to our next available opening. As a matter of convenience, we have provided you with a few safe and secure options for you to get them to us:
- You can scan and upload their tax documents to their client portal using Intuit Link,
- You can use our convenient drop box located on the front of our office,
- You can fax your tax information to 337-898-2787, or
- You can mail to – PO Box 698, Abbeville, LA 70511-0698.
- Every Client is given a free copy of their return, you may either have a paper copy, a CD or it can be stored to your Client Intuit Link Portal.
- Payment is due when your return is completed. We accept cash, check, and all major credit cards. We can also offer you our "no money out of pocket" option known as a RT; ask you're preparer for more details.
- We MUST have a signed E-File authorization form and payment before we can E-File your tax returns.

ITEMIZED DEDUCTIONS WORKSHEET
TAX YEAR 2018

Name: ______________________________ **S/S #** ______|______|________

MEDICAL EXPENSE:

Drug Store ____________________ ________
Drug Store ____________________ ________
Drug Store ____________________ ________
Drug Store ____________________ ________

HOSPITAL INSURANCE:

Self Financed Health Insurance ________
Group Hospital Insurance Premiums ________
Group Hospital Insurance Premiums ________
Medicare Part B Premium ________

DOCTORS:

Dr: ____________________ ________
Dr: ____________________ ________
Dr: ____________________ ________
Dr: ____________________ ________
Dr: ____________________ ________
Dr: ____________________ ________
Dr: ____________________ ________
Dr: ____________________ ________
Dr: ____________________ ________
Dr: ____________________ ________
Dr: ____________________ ________
Dr: ____________________ ________

HOSPITALS:

____________________ ________
____________________ ________
____________________ ________
____________________ ________

NURSE CARE:

____________________ ________
____________________ ________

OTHER MEDICAL:

Hearing Aids ________
Dentures ________
Eyeglasses ________
Ambulance Service ________
Lodging Expense for Medical Care
Medical Miles:
Jan 1 thru Dec 30 ________ @ 18¢ P/Mile ________
Other Medical Expenses: ________
Crutches & Wheel Chair Rental/Expense ________
____________________ ________
____________________ ________
____________________ ________
____________________ ________

Total Medical Expesnses ________

TAXES:

State Income Taxes W/H (Current Year) ________
State Income Tax Paid on Prior Yr. Tax Return ________
Sales Tax ________
Property Taxes ________
Personal Property Tax ________

Total Taxes ________

INTEREST EXPENSE:

Home Mortgage ____________________ ________
Second Mortgage ____________________ ________
Second Home ____________________ ________
Investment Interest Expense____________________ ________

Total Interest Expense ________

CASH CONTRIBUTIONS:

Church ____________________ ________
Church ____________________ ________
Muscular Dystrophy ________
Cancer Fund ________
St. Jude ________
United Way ________
Various Missions ________
Misc. Contributions ________
Charity Miles____________ @ 14¢ P/Mile ________

Total Cash Contributions ________

CONTRIBUTIONS OTHER:

To: ____________________ ________
What?____________________
To: ____________________ ________
What?____________________

Total Non-Cash Contributions ________

CASUALTY LOSSES

(Only Federally declared disasters are allowable in 2018) ________

OTHER DEDUCTIONS:

(Not Subject to 2% Floor)
Gambling Losses (Limited to winnings only) ________
Impairment-related Work Exp F/Handicapped ________
Adjustments under a Claim of Right ________
Other ____________________ ________
____

Total Deductions Not Subject 2% Floor ________

Total Itemized Deductions ________

NOTE: Effective 1/1/2018 you no longer can deduct your auto expense, hotel and food expense, safety clothing and equipment expense, union dues, investment expenses, tax preparation fees, safe deposit box rental, IRA custodial fees, uniform expense, telephone expense, and many more items. Talk with your tax preparer for more information.

Major changes from last year. Be prepared!

2018
1040 - INDIVIDUAL TAX RETURN ENGAGEMENT LETTER

Subject: Preparation of Your Individual Tax Returns

Dear Valued Client

Thank you for selecting ***FACTS-5*** to assist you with your tax affairs. This letter confirms the terms of our engagement with you and the nature and extent of services we will provide.

We will prepare your 2018 federal and all state income tax returns you request using information you provide to us. We may ask for clarification of some items, but we will not audit or otherwise verify the data you submit. Upon your request, we will provide an "Organizer" which may help you gather the information required for a complete return. If you use the Organizer, it will help you avoid overlooking important information and contribute to efficient preparation of your returns. This helps keep the cost of our services as low as possible.

It is your responsibility to provide information required for preparation of complete and accurate returns. You should keep all documents, canceled checks and other data that support your reported income and deductions for a period of 5 years. They may be necessary to prove accuracy and completeness of the returns to a taxing authority. You are responsible for the accuracy of your returns, so you should review them carefully before signing.

Our work will not include any procedures to discover defalcations or other irregularities. The only accounting or analysis work we will do is that which is necessary for preparation of your income tax returns.

We must use our judgment in resolving questions where the tax law is unclear, or where there may be conflicts between the taxing authorities' interpretations of the law and other supportable positions. In order to avoid penalties, we will apply the "more likely than not" reliance standard to resolve such issues. You agree to honor our decisions regarding the need to make protective disclosures in your returns.

Penalties of as much as $100,000 can be imposed on you for failing to disclose participation in "reportable transactions," that is, certain arrangements the IRS has identified as potentially abusive. We will insist that all such transactions be properly disclosed to us for further disclosure to the IRS.

The law also imposes penalties when taxpayers understate their tax liability. If you have concerns about such penalties, please call us.

Your returns may be selected for audit by a taxing authority. Any proposed adjustments are subject to appeal. In the event of a tax examination, we can arrange to be available to represent you. Such representation will be a separate engagement for which an engagement letter will be provided to you. Fees and expenses for defending the returns will be invoiced in accordance with terms we agree on for that engagement.

Our fee for preparation of your tax returns will be based on the amount of time required at standard billing rates plus out-of-pocket expenses. All invoices are due and payable prior to electronic filing of your return or presentation to you for mailing. To the extent permitted by state law, a $35 fee will be charged for any NSF check return to us by your bank.

We will retain electronic copies of records you supplied to us along with our work papers for your engagement for a period of five years. After five years our electronic records will be destroyed. All of your original records will be returned to you with your copy of your returns. You should keep the original records in secure storage.

To affirm that this letter correctly summarizes your understanding of the arrangements for this work, please sign the enclosed copy of this letter in the space indicated and return it to us in the envelope provided.

We appreciate your confidence in us. Please call if you have questions.

Sincerely,

FACTS-5

Pamela C. Trahan

PAMELA C. TRAHAN, PRESIDENT
AZCO, INC. (d/b/a ***FACTS-5***)

(Both husband and wife must sign for preparation of joint returns)

Accepted By: (Taxpayer) ______________________________________
(Taxpayer's Signature)

________|______|________
(Taxpayer's Social Security #)

(Taxpayer) ______________________________________
(Taxpayer's PRINTED name)

(Spouse) ______________________________________
(Spouse's Signature)

________|______|________
(Spouse's Social Security #)

(Spouse) ______________________________________
(Spouse's PRINTED name)

Date: ____________________

IMPORTANT

Sign and date this engagement letter. Return both Page 1 & 2 to ***FACTS-5***

IMPORTANT

Sign at certification below and submit to ***FACTS-5***

For Office Use Only

☐ Client Folder Pulled ☐ Verified prior year fees PAID

☐ Prepare as dropoff ☐ Check if client has an appointment

Appointment Date & Time ____________

FACTS-5 (TM)

Today's date: _____/_____/2019

Tax Preparer ____________

My Name: ______________________ Last 4 of SSN ______

Home Phone: ______________ Wrk Phone: ______________

Spouse Name: ______________________

Your Cell Phone: ______________ Spouse Cell: ______________

My Physical Address: ______________________
(No post office box here)

Your Email Address: ______________________

City: ______________ State: ______ Zip: ________

Spouse Email Address: ______________________

My Mailing Address: ______________________

City: ______________ State: ______ Zip: ________

Tell us about your monthly health insurance coverage throughout 2018 (INSERT CHECK MARKS IF COVERED):

Month	All 12 Mos	Mkt Place (Y/N)	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
Taxpayer														
Spouse														

Check ALL that apply as of 12/31/2018:

- ○ I am SINGLE
  - ○ Never Married
  - ○ Legally Divorced
- ○ I am LEGALLY Married as of 12/31/2018
  - ○ If separated: Date Separated ___/___/____
  - ○ I have NOT lived with my spouse for the last 6 months of 2018 (July 1, 2018 thru 12/31/18)
- ○ I have a common law/same sex marriage (If so, which state ____________)
- ○ I am a United States citizen
- ○ I have cared for a dependent for over half the year and paid more than half the cost of maintaining a home for that dependent.

I certify that all information on this sheet was completed by me and is correct > ______________________
Taxpayer's Signature

Tell us about your Dependents

Check the box for each month that dependent was covered by a health insurance policy. If covered all 12 months, check first box only. YOU MAY BE SUBJECT TO A PENALTY FOR NOT PROVIDING HEALTH INSURANCE COVERAGE FOR YOUR DEPENDENTS.

	First Name	Middle Initial	Last Name	Suffix (JR, SR, III)	Social Security #	Date of Birth	# of Months Lived WITH YOU	Relationship	All 12 Months	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1																					
2																					
3																					
4																					
5																					
6																					

Prior Client Info Worksheet