

## 2017 Tax Update

The election of a new president has the potential to bring a number of tax law changes. However, at the current time, we do not have enough information on policy changes to adjust strategy now. Instead, we recommend that tax planning should be done on a quarterly basis. Please don't hesitate to contact us if you are considering the sale of a significant asset or if something in your financial situation changes.

### Security and Identity Theft

The IRS has determined that one of the prime targets of data theft is tax preparation companies. This year we have taken proactive steps designed to improve the protection of our firm and your confidential data. One of the mandatory changes we are implementing immediately is our new "no-click" policy combined with a new information transfer policy. Because so many electronic intruders get in via email attachments, our firm has instituted our national tax professional security advisor's recommendations and implemented a "no-click" e-mail policy. This means we will not open any documents that you have sent us via email—a mandatory solution, which when combined with our latest security software and other steps makes it extremely difficult for electronic intruders to get through our defenses. We now will accept data from you in 3 ways: through our client portal; drop-off; or fax. We know these changes will cause some hassle on your (and our part) but it is the best way to protect your and our confidentiality.

### Affordable Care Act

All Americans will be affected, in some manner, by the Affordable Care Act from 2010 (Some people call it Obama Care). One of the requirements is all taxpayers must be covered by health insurance or pay a penalty, and this is proven through the release of Form 1095. ***If you received a Form 1095 from any issuer or agency we MUST have all copies to prepare your tax return.***

### Charitable Contributions

If you own publicly traded securities that have appreciated and are considering a charitable contribution, you should consider donating the stock directly instead of cash. You will get a charitable deduction equal to the fair market value of the stock donated, but you don't have to pay capital gains tax on the appreciation of the stock. There are limits, so if you are considering this type of transaction, please contact our office for a tax estimate.

### Foreign Accounts

If you have read the news in the last year, you may be aware that the IRS is looking closely for offshore accounts. If you have an account, a retirement account, a business interest in a foreign country, or a foreign business ownership (not through a mutual fund) there are some special rules that will apply to you. Please be sure to make us aware and we will help you navigate. There are substantial penalties for failure to disclose these items.

### Rental Property

If you own rental property, the filing requirements are different this year as the IRS has new requirements that ask you to provide substantially more information. ***FOR EACH PROPERTY SEPARATELY*** we now need the following: the physical location; the type of property (single-family, duplex, etc) and Forms 1099-K received; and a record, by property, of the number of days rented and the number of days used for personal purposes. We have provided a spreadsheet template (located on our website here) that you can use provide the information.

### **Gift Changes**

Effective 1/1/2013, the amount you may give to one person in one year without any return filing requirements was increased to \$14,000. Very, very few Americans need to worry about Federal estate taxes because of changes in the estate tax limit at the Federal level. However, if you gift over \$14,000 to any individual, we will need to file additional forms.

### **Other Income**

If you have any income from AirBNB, Turo, Etsy, EBay or similar consumer-to-consumer programs, please let us know because there are many income tax rules that may come into play and few of these sites provide you with adequate tax information.

### **Colorado Consumer Use Tax**

Consumer use tax is a complement to state sales tax. Consumer use tax is payable to the state when sales tax is due but has not been collected. For example, items purchased from Amazon, E-Bay, or any other online retailer that did not charge you tax may be subject to the 2.9% use tax. Beginning with 2015 tax returns, Colorado has begun to include the collection of the state use tax on income tax returns. We have included a line in our client checklist for you to list the total dollar amount that should be subject to Colorado use tax.

### **Tax Planning**

The simplest and most effective tax planning tool for all Americans of all income levels is full participation in retirement plans. Make sure you maximize your 401-k deferral if available, contribute to tax-deductible IRAs, and if over 70 ½, pay all charitable contributions through direct transfer from your IRA to the charity.

Check your employee handbook and see what other fringe benefits are available at work and call us if you aren't sure if it will benefit you. Some of the best fringe benefits provided by employers include cafeteria (or 125) plans, as well as childcare plans and wellness programs.

Please don't hesitate to contact us and set up an appointment to discuss how the above or other items may affect your 2016 or 2017 tax returns.

Sincerely,

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