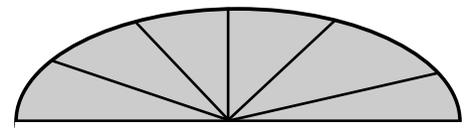


TAX TALK

FROM



**ALT FINANCIAL
SERVICES INC**

1101 JOLIET STREET
JANESVILLE, WI 53546
608-756-5919

www.alttax.net

FALL OF 2014

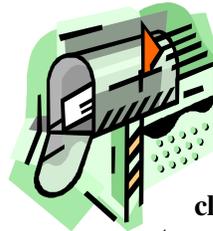
Dear Client:

HAPPY FALL!

As you prepare for the cold and snow (it is Wisconsin, after all), don't forget to prepare for your tax appointment in a few months. Fall is a great time for tax planning. Deciding when to take deductions or receive income can enable you to pay the lowest tax. If you believe your situation could benefit by year-end tax planning, call us now.

We hope this latest edition of our *Tax Talk* will assist you as you review 2014 and begin the process of gathering your records together. If you have any questions along the way, don't hesitate to call us.

This tax season promises to be one of the most challenging that we have experienced in some time. Congress is expected to pass some "extender" tax legislation after the November elections—which means that the tax filing season may be delayed a few weeks. And the "Affordable Care Act" will require additional (and, in some cases, *substantial*) time and effort on both our parts. As you review the newsletter, please pay close special attention to the ACA information. It's so important that we've dedicated 25% of the newsletter to it!



APPOINTMENTS

Alt Financial Services will continue to pre-schedule tax interview appointments for most prior year clients. **In early January, all of our clients will receive an envelope with our tax organizer and tax worksheets.** Most of you will receive your pre-scheduled tax appointment letter in that mailing. Remember, if the appointment time reserved for you is not exactly what you would like, please call and change to a more convenient time.

Some of you may receive a letter that says no appointment has been made for you because you either mail your information to us, have requested that you not be prescheduled, or we could not determine what time would work best for you. If you are not scheduled for an appointment, please call 756-5919 to schedule a time that is best for you.

If you moved or will be moving in 2014, be sure to let us know your new address, change of email or change of phone number. That way you will continue to receive this newsletter and your prescheduled appointment letter that we mail in January. As a reminder, we will call you approximately one week prior to your scheduled appointment time.



Referral Rewards

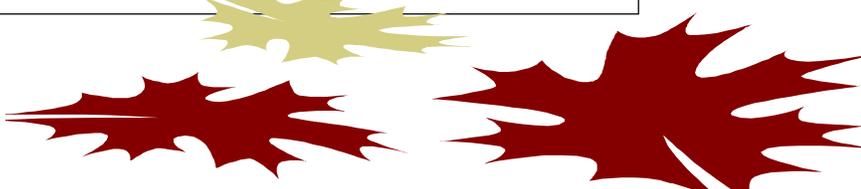
One of the nicest compliments our current clients can give us is a referral of a new client. We are offering the Referral Rewards again this year. Please see our "Referral Rewards" section on our website at: www.alttax.net



**Our Non-Tax Season
Hours Are:**

**9:00 am to 3:00 pm
Monday—Friday**

**Other Hours Are
Always Available
by Appointment**



THE AFFORDABLE CARE ACT

2014 Mandate for The Affordable Care Act (ACA)

What you need to know about required health insurance coverage for 2014



Beginning in 2014, the individual shared responsibility provision of the Affordable Care Act (ACA) requires you and each member of your household to have qualifying health insurance (called minimum essential coverage), have an exemption, or pay a shared responsibility penalty with your 2014 individual income tax return.

Do I have minimum essential coverage? You have minimum essential coverage if you have employer-sponsored coverage, coverage obtained through a Health Insurance Marketplace, or coverage through a government-sponsored program. Coverage under certain other plans will qualify as well. You must maintain this coverage for each month of the calendar year.

Am I eligible for an exemption? You may be exempt from the requirement to maintain minimum essential coverage if you're a member of certain religious sects, a federally recognized Indian tribe, or a health care sharing ministry. You may also be eligible if you are suffering a hardship, meet certain income criteria, or are uninsured for less than three consecutive months of the year.

Will I have to pay a penalty? If you or any of your dependents don't have minimum essential coverage or an exemption, you will have to pay an individual shared responsibility penalty with your tax return.

For 2014, the annual shared responsibility penalty is the **GREATER** of:

- 1% of your household income that is above your tax return filing threshold, or
- Your family's flat dollar amount, which is \$95 per adult and \$47.50 per child (*under age 18*), limited to a family maximum of \$285 for 2014.

However, the maximum amount cannot be more than the cost of the national average premium for a bronze level health plan available through the Marketplace in 2014.

The requirement to obtain health insurance applies to you individually as well as to anyone you claim as a dependent on your return.

Several new forms will be issued to taxpayers this year, primarily Form 1095-A, B and C.

In order to complete your 2014 return we must have any copies of Form 1095 that you may receive. These forms provide us with the necessary information to report your health insurance coverage, calculate any credit and calculate any penalty that may apply.



Because much of the reporting for 2014 will be voluntary you may not receive any Forms 1095. Therefore, we will need to obtain from you the following information in order to complete your return:

1. Health insurer(s) for the year;
2. Number of months of coverage;
3. Members of your family covered by the above health insurance throughout the year;
4. Your county of residence all year.

For 2014 there are multiple possibilities of tax mistakes made primarily by your dependent children who may work in 2014. The simplest guidance we can provide you to avoid these mistakes is: **Do not allow any dependent children to file their own return, particularly college students, and do not file them yourself.** Although this guidance appears self-serving for us, let us assure you this is meant to protect you from your children inadvertently costing you literally hundreds of dollars in potential health care tax credits.

Due to the added complexity of the Affordable Care Act (ACA) most taxpayers will pay more for tax preparation fees.

Watch for more information in our upcoming emails and newsletters!

GM, Ford, Chrysler and other retirees should save their **December 1st** check stub. These stubs will show any year-to-date health, dental, and vision insurance needed for the deduction on your 2014 Wisconsin tax return. If you have signed up to receive your check stubs online, please print out the December one and bring with you at tax time.

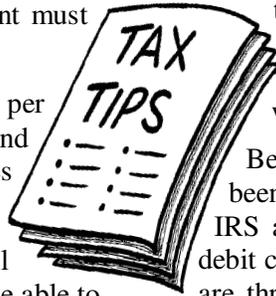
If a credit card company agrees to take less than what you actually owe on the credit card, the difference could be taxable income to you. Most companies will issue a Form 1099-C. There are exceptions that could apply.

The HSA (Health Savings Account) annual deductible contribution limit for 2014 is \$3,300 for individuals and \$6,550 for families. The 2015 limits increase to \$3,350 for individuals and \$6,650 for families. If you are 55 or over, an additional \$1,000 can be contributed. However, no contributions are allowed after age 65. If you did not have the plan for the entire year, the amount must be prorated.

The standard mileage rate for 2014 is 56¢ per business mile. The allowance for medical and moving is 23.5¢ per mile. Charitable miles remain at 14¢ per mile.

For 2014, the IRA contribution ceiling will remain at \$5,500. Taxpayers 50 and older will be able to contribute up to \$6,500.

The annual gift tax exclusion is \$14,000 for 2014.



What to Know if You Receive an IRS Notice and How to Avoid Scammers

Don't panic or ignore IRS notices, but be aware of scams. Every year the IRS mails millions of letters and notices to taxpayers, but that doesn't mean you need to worry. There are a number of reasons the IRS sends notices to taxpayers.

Keep in mind, the IRS sends notices and letters by mail. The agency never contacts taxpayers about their tax account or tax return by email or phone.

Notices are used to request payment of taxes or additional information. The notice you receive normally covers a specific issue about your account or tax return. Each letter and notice offers specific instructions on what you need to do to satisfy the inquiry.

We can help you review the correspondence and respond to the inquiry, if necessary. Be sure to notify Alt Financial Services right away when you receive a notice. In most cases, the IRS requires a response within 30 or 60 days.

Be aware that this year sophisticated phone scams have been on the rise. Victims are told they owe money to the IRS and it must be paid promptly through a pre-loaded debit card or wire transfer. Victims who refuse to cooperate are threatened with arrest, deportation or suspension of a business or driver's license.

If you get a call from someone claiming to be the IRS asking for a payment, here is what to do:

- ◆ If you owe Federal taxes, or think you might, hang up and call the IRS at 800.829.1040. The IRS will help you with payment questions.
- ◆ If you don't owe taxes, call and report the incident to TIGTA (Treasury Inspector General for Tax Administration) at 800.366.4484.
- ◆ You can also file a complaint with the Federal Trade Commission at www.FTC.gov. Add "IRS Telephone Scam" to the comments in your complaint.



NEW for Wisconsin in 2014: Wisconsin will include a **Private School Tuition** deduction for dependents in K-12 for 2014.

The new deduction will require you to provide the name, address and Federal Identification number along with the grade and amount of tuition paid for each dependent claimed on your tax return.

Tuition includes any amount paid for tuition to an eligible institution and any mandatory book fees paid to the institution. The deduction does not include any classes NOT REQUIRED for graduation and for which no credits toward graduation are given. The maximum deduction is up to \$4,000 for grades K-8 students and up to \$10,000 for grades 9-12 students.

Use Tax: Wisconsin residents need to remember to tally up all of their purchases made in 2014 that are subject to Wisconsin Use Tax. Wisconsin still requires you to "certify" if you did not have any purchases that were subject to use tax before your return can be e-filed.



Note for Illinois: Illinois residents will again be assessed use tax based on their income unless you have tracked your actual use tax.

JUST FOR FUN

Win a Free 2014 Tax Preparation - Up to \$250.

Visit our website at: www.alttax.net

Go to our "Menu of Services" page on our website and find the word that we purposely misspelled and email us at: Altfinancialservices@alttax.net with your answer. We will take the first 10 people who email the correct misspelled word and put them into a drawing to be picked on Monday November 3, 2014 at 9:00 a.m.

This newsletter is published as a service to clients of Alt Financial Services, Inc. and has been prepared with due diligence. However, the possibility of mechanical and/or human error does exist. If you have questions after reading this information, contact your tax advisor, financial advisor, or attorney for clarification and assistance.

Expiring Tax Provisions....

These possible extenders have made tax planning a challenge for both taxpayers and tax professionals. It is not known if (or when) an agreement on extending the Expiring Tax Provisions (“extenders”) may be reached. A very late extender bill may also slow down the ability to file a tax return early. Here are some of the possible extenders:



- ◆ Energy Credits
- ◆ \$250 Teachers classroom supply deduction
- ◆ Mortgage Insurance Premium Deduction
- ◆ Sales Tax Deduction
- ◆ Tuition Deduction
- ◆ Tax-Free Distributions from IRAs to Charity (QCD)
- ◆ Exclusion from income of principal residence cancelled debt

USE YOUR CAR FOR BUSINESS?

Better keep a “detailed” log...



The Tax Court recently ruled against a taxpayer who didn’t have a detailed mileage log. He was a sales rep for a cable company and used his personal vehicle to visit customers.

He recorded the odometer readings in a calendar planner at the beginning and end of each month, but that was all. He didn’t keep a “detailed” mileage log listing beginning and ending mileage of each trip, the customer visited, the purpose of the visit, etc. Since he didn’t meet the strict substantiation rules, the Tax Court denied him the mileage write-off.

On a side-note: the same Tax Court decided that a self-employed truck driver with no records could partially deduct fuel costs. Since the truck was used to transport *property for hire*, the vehicle was not subject to the tax law’s “strict” substantiation requirements. In this case, he was allowed to estimate his mileage and fuel expenses.

1099 Filing Requirements

Small businesses and Real Estate Professionals that paid more than \$600 to independent contractors, landlords, attorneys or veterinarians for services or rent must provide a Form 1099 to each payee. You will need each payee’s name, address, taxpayer ID number and amount paid for the year. Each person or business must provide you with a completed Form W-9. The tax reporting forms should be provided to the payee, the IRS and State departments by January 31st. You can get the needed forms by calling the IRS at 1.800.829.3676 or Alt Financial Services can prepare them for you at a reasonable cost.

FREE - FREE - FREE

We have purchased quite a few copies of Dave Ramsey's “*The Total Money Makeover*” book that we would like to share with our clients.

Anyone who would like to borrow the book for a few weeks or so, please stop by the office and we would be happy to provide it to you.



Once you have read the book, either pass the book on to a friend or relative who could benefit from the information or, if you feel you would like to keep it for reference, please do so.

Otherwise, return the book to our office so we can pass it on to another client.



DEDUCTIONS FOR CELL PHONE BUSINESS USAGE

A Cell phone is not just a phone anymore. Americans use their phones as computers, as day planners, and as a GPS for driving directions. We can blog, find a movie, play games, socialize, take photos, and email anyone anywhere in the world. 90% of Americans have cell phones today, and 58% of them are smart phones.

With hundreds of thousands of mobile phone apps, it’s hard to define business use for IRS purposes, and the IRS is on the warpath.

IRC 262 specifically disallows the first phone line into a taxpayer’s residence—it does not specify land line or cell phone, but considering the time the section was written, this would be a land line. However, it specifies the first line.



In a nutshell...Where business and pleasure intertwine, there will be no deduction for the first cell phone line.

If so much of our lives is on the cell phone, then how much of our life is business? Regardless how much of our life is business, the IRS can disallow a personal phone when it is also used for business. Yes, it’s unfair for many whose business use is substantial, but that’s what we’re up against folks.

If the first cell phone is personal, then additional cell phones can be designated for business. Generally the first line is the most expensive, and additional lines could run approximately only \$10 a month.

