

BITS & PIECES OF TAX NEWS

AND OTHER ITEMS OF INTEREST

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January 2016



This tax season will be the 25th year serving clients like you. It all started in November 1991 when Elke and her family were stuffing, sealing, addressing, and stamping over 9,900 envelopes to spread the news that ADA TAX PROFESSIONALS doors were open. In fact, at least a dozen of the first year's clients still find their way to our open doors.

Throughout the years we have watched things change such as the building, the parking, the widening of Ustick, as well as the staff expanding and growing. We have witnessed the birth of babies, death of loved ones, growing of children, transitions to retirement, success of businesses, damage control of disasters, as well as helped with many other transitions. We are excited for new experiences and to assist you for the next 25 years.

We have had approximately 25 employees, and grown to 700 plus clients in 25 years of business. Some of you have been with us for 10 years, 15 years, and even 20 years. We want to thank you for your continuing faith. Many others have passed on, moved on, or no longer need tax services; we valued them as well.

According to U.S. Bureau of Labor Statistics, 25 years is an eternity. They state about half of all new establishments survive five years or more and about one-third survives 10 years or more. We believe that our success comes from building relationships with clients, and maintaining high ethical standards as well as current professional training. As we both change, the need for good service and our commitment to give it remains the same. So stick around and let's share excitement, heartache, and great relationships for another 25 years.

What does Idaho, Arizona, California, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin all have in common? Community Property

As you may know Idaho is a community property state, but do you know what that means for your tax return? It means that each spouse has a one-half interest in the income of the other spouse during the time they are married. If married part of the year, the community income only includes the income earned during the time they were married. When you are filing separate returns; the community income, withholding and deductions, must be divided equally between husband and wife.

Community property laws can be disregarded when spouses have lived apart for the entire year, no income earned by one spouse has been transferred to the other spouse and you don't file a joint return. If you divorce during the year, you will need to include a schedule showing how community property was allocated during the time you were "together" with your tax return. So really what does this mean for you...? If you and your spouse are separated but still married and want to file separately you must still report one-half of each other's income, withholdings and deductions, unless you qualify for an exception.

THE EDUCATION BULLETIN BOARD

Lifetime Learning Credit

This credit is 20% of the total qualifying expenses for all eligible students up to \$10,000 of expenses. Maximum credit is \$2,000 per tax return. Qualified expenses include tuition, fees, supplies, books and equipment if paid to the educational institution as a condition of enrollment. The Lifetime Learning Credit is for degree or non-degree seeking students, undergraduate and graduates, and is available for an unlimited number of years.

Tuition and Fees Deduction

This adjustment to income is up to \$4,000 of qualified expenses paid, including tuition, fees, books, supplies and equipment if paid to the school as a condition of enrollment. Graduates and undergraduates are qualifying students.

Work Related Education

To be deductible the education must be required by an employer, the law or government regulation and must maintain or improve skills required in performing a present job. Qualified expenses include tuition, books, registration, fees, and supplies. Also, transportation, meals and lodging while attending school away from home. Expenses are subject to the 2% of AGI limitation.

American Opportunity Credit

This credit, up to \$2,500 per student, is for expenses including tuition, fees, books, supplies and equipment if required for attendance.

Undergraduate students must be enrolled at least half time in a degree program, and can only claim the credit four times.

Student Loan Interest Deduction

Taxpayers may deduct up to \$2,500 of qualified student loan interest paid on a loan taken out by the taxpayer solely to pay for college or vocational school expenses for themselves, their spouse or a dependent. Loans from a related person or employer are not qualified student loans.

What Do You Need To Get These Credits and Deductions...

In addition to the Form 1098-T issued by the school, we need the account details.

You can usually find this by logging into your school website. It may be listed as "account detail," "account summary" or a transaction history report. We need these details to see when payments were made, if financial aid was received and how much tuition was charged **during the calendar year**. If you qualify for the American Opportunity Credit, bring in receipts for books, and required supplies and equipment purchased.

Student loan interest is reported on Form 1098-E. You should receive this in the mail or online.

Work related expenses do not require Form 1098-T, but you do need receipts for your expenses.

THE BULLETIN BOARD

Got Health Insurance?!

Not sure if your employer or private health insurance policy qualifies as 'Minimum Essential Coverage,' contact your insurance provider to find out. Any coverage bought from the market place does qualify. Please bring in your Form 1095-A, B or C with you.

Identity Theft Corner

Are you using your tax with-holding as a savings account during the year? It could increase your chances of Identity theft! Keeping your refund to a minimum can reduce this risk. Have you been a victim of identity theft? Your new "IP PIN" will be mailed to you each December. Don't file your return without it.

Form 1099-Misc, Miscellaneous Income

You will need to file form 1099-Misc with the IRS for each person you have paid (in the course of your trade or business) during the year: At least \$600 in services (including parts and materials if not invoiced separately), rents, prizes and awards, and other income payments. Any fishing boat proceeds and gross proceeds of \$600 or more paid to an attorney during the year. This is only a partial list. An exception to filing 1099-Misc is payments to a corporation, including an LLC that is taxed as a corporation. The only good way to know this is to have them fill out a Form W-9. The penalty for not filing 1099s is per recipient, up to \$100 for not filing with IRS, PLUS up to \$100 for not providing a copy to each recipient.

Noncash Donations

You must have written documentation of your donations that includes the name & address of the organization, the date, list or description of property, and fair market value of the donated items. For donations less than \$500, a receipt is not required when it is impractical to obtain one from the organization, i.e. dropped off at an unattended location. Written records must be kept in all cases. Donations of clothing and household items must be in "good used condition or better".

Cash Donations must have written receipt from the organization.

Mileage Rates for 2015

Business	.57½
Medical/Moving	.23
Charitable	.14

Mileage Rates for 2016

Business	.54
Medical/Moving	.19
Charitable	.14

Plan To File An Extension...

Make an appointment April 1-10th. Drop-offs will need to complete the questionnaire. As we have time, we will prepare/input them enough to establish a possible tax liability. Remember, an extension to file doesn't mean extension to pay. If you owe be prepared to send money by April 15th. All extensions require a \$150 deposit.

Tax Season Is Coming!!

IRS will begin e-filing January 19, 2016
Our office will be open Mon - Fri 9am to 5pm all through January. February to April 18th we will be open Mon - Thurs 8:30am to 6:30pm, Friday 8:30am to 6:00pm
Saturday hours start February 1st to April 16th 10am till 2pm.
Appointments maybe available at other times just give us a call and make your appointment today!



9140 Ustick Rd.

Boise, ID 83704

RETURN SERVICE REQUESTED

SPOTLIGHT ON *Jody Thomas*

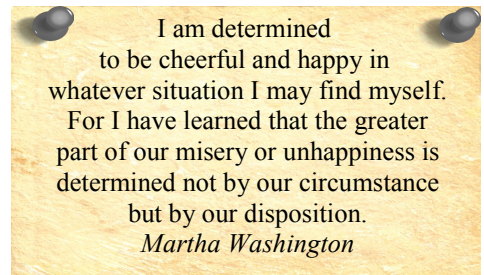
Last tax season, Jody Thomas joined our team here at Ada Tax Professionals. You’ve likely met her since she is the front face and voice on the phone for the office. When asked what she’s enjoyed most here, “I really like that we work as a team; everyone is always willing to help each other. I like the fact that I’m always learning new things” was her reply.

Jody was born and raised in Utah where she attended college for criminal justice. She is currently attending school for business management and has made it on the Dean’s list, Presidents List, as well as the honor roll. Jody hopes to finish school in 2016 and have a business of her own someday.

Her most important life accomplishment she replied “Deciding to go back to school to better myself and to fulfill a lifelong dream of having a college degree.” Jody’s passions include baking; it brings her joy to share it with family and friends, and reading books, although she has not been able to read for pleasure due to attending college. Her most memorable event was having the chance to know true friendship and what it feels like to love and be loved.

Jody’s motto in life is “We are all mistaken sometimes; sometimes we do wrong things, things that have bad consequences. But it does not mean we are evil, or that we cannot be trusted ever afterwards.”

(Alison Croggon)



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