

BITS & PIECES OF TAX NEWS

AND OTHER ITEMS OF INTEREST *July 2017*

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Renting out your house for the eclipse?

Are you opening up your home to paying guests?!? Be aware of your tax obligations if you provide temporary lodging. Keep in mind income tax rules are not the same for sales tax or other taxes. Rental income is not reported for income taxes if you rent your home less than 15 days, but you might need to collect the “sales tax” (6%) and the “travel and convention tax” (2%) and local option tax (varies). Sales tax applies to sleeping accommodations rented for 30 days or less, including the rental of a vacation home, cabin, lodge, condominium, townhouse, room in a private residence or any other structure. If you are in the business (even temporarily) this summer selling t-shirts or renting campsites, you need to determine your tax liabilities. Give us a call, we can help.

Areas that have a local tax include; Donnelly, Hailey, Ketchum, McCall, Stanley, Sun Valley, Greater Boise Auditorium District, Idaho Falls Auditorium District, and many more. Check out the State Tax Commission website for more information. tax.idaho.gov/eclipse



The IRS will be using Private Debt Collectors

Congress is now allowing the IRS to use private debt collection agencies. The IRS began in April of this year sending letters to some taxpayers with unpaid federal tax bills. Accounts which the IRS is not actively pursuing can be turned over to one of four private agencies. This will only affect taxpayers that have been previously contacted by the IRS multiple times in past years. Private agencies must follow the provisions in the Fair Debt Collection Practices Act and treat taxpayers with courtesy and respect.

These agencies are authorized to discuss payment options and set up payment agreements, but payments will *always* be made to the IRS or US Treasury. Private agencies are not authorized to take enforcement actions, only the IRS can do that.

Know the difference between a legitimate collector and a **scam**. Unexpected or threatening phone calls are almost always a scam. Demanding immediate payment and asking for debit or credit card numbers are also a scam. You will *never* be asked to satisfy your debt using wire transfers or gift cards of any kind. The IRS will always notify you first in writing if they turn your account over to a private agency. There are only 4 companies participating in this program: CBE Group of Cedar Falls, Iowa; Conserve of Fair Port, New York; Performant of Livermore California; Pioneer of Horse Heads, New York. No other companies are allowed to represent the IRS.

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Disclaimer Material presented in this newsletter is intended for information purposes only. It is not intended as professional advice and should not be construed as such. The U.S. Treasury Department requires us to inform you that any information obtained from this newsletter is not intended or written to be used, and cannot be used by any taxpayer, for the purpose of avoiding any penalties that may be imposed under the Internal Revenue Code. Advice from Ada Tax Professionals relating to Federal tax matters, may not be used in promoting, marketing or recommending any entity, investment plan or arrangement to any taxpayer.

Legal Adults But they are my Kids!

“What do you mean I can’t have my child’s tax return?” Sometimes this catches people by surprise.

After all, your kids are...

- a) Your kids
 - b) Your dependents
 - c) They live with you and/or
 - d) You’ve paid us to prepare their return.
- BUT we won’t let you have their return when you come to the office.

If they are age 18 or over, they are legal adults. We must have a signed disclosure form on file before we can allow you to see their tax return.

The same thing can happen when you’re trying to help older parents get their returns filed. Maybe they don’t drive or they’re

recuperating and can’t get into our office.



Plan ahead if you want to pick up any tax return that doesn’t have your name on it. We have a short, easy form that facilitates this. It protects you and it protects us.

Are You Ready For An Audit???

If you are properly prepared, an audit (whether by mail or in person) should be a breeze. The consistent requirement is substantiation of your income and deductions.

Is your documentation printed or electronic? In the cloud or in files on the computer? Give some thought to reliability and print readiness. File those receipts! Relying on the records of others can be hazardous. Even if vendors or banks have records, it may take a long time to retrieve them and you may end up paying for the service.

If you have a business, this advice is even more important. Records need to substantiate the business purpose of the expense. For example, if you are in the landscaping business a rake from D&B could be for your business, but the candy bar on the receipt???

Records are not only for income tax purposes. You could also be audited for other obligations such as sales tax, unemployment tax and workers’ compensation insurance. Using a formal bookkeeping system (or hiring Ada Tax Professionals) can provide valuable reports that will come in handy for audits and also help with the business decision-making process.

A little extra step now can save you a lot of pain in the future.

...continued from Private Debt Collectors

Do you really owe the IRS? There is a simple way to find out if the IRS thinks you have an unpaid tax bill. Check their website. Go to www.IRS.gov/balancedue. It takes a few minutes to verify your identity and a soft inquiry will show on your credit history. If the account balance is zero, which means nothing is due, you should not be contacted by the IRS or a private agency.

As always, please contact us if you get a letter from the IRS, the Idaho Tax Commission, or any other state tax agency. We can help.

THE BULLETIN BOARD

"The best measure of a man's honesty isn't his income tax return. It's the zero adjust on his bathroom scale." – Arthur C. Clarke, author

Call us if you receive a call, email or letter from the IRS or State Tax Commission. We can help ease your mind & weed out the scams!

Savers Credit

Qualified individuals are allowed a credit up to \$1,000 for contributions to an IRA or an employer sponsored retirement plan. You must be at least 18, not a dependent and not a full time student. The credit is reduced by the amount of withdrawals taken in the past 3 years.

Recycle Corner

"Curb it Boise" has a household hazardous waste collection program. Collection sites are open one day a month from noon to 7pm, at various locations around town and it is FREE!

Items such as "Automotive Products, Batteries, Paints, Televisions, Computers and Small Appliances" are Accepted. Explosives, Tires and Bio-medical are not.

For more information contact the City of Boise at 208-608-7136 or Ada County at 208-577-4736. Or visit their website at <http://curbit.cityofboise.org>



Do you drive for UBER or other Ride Sharing Service???

Make sure to keep track of your mileage & expenses.

Check your insurance policy terms and agreement for coverage of this activity...

More "ITINs" Scheduled to Expire

An ITIN is an "Individual Tax Identification Number" issued by the IRS to individuals who are not eligible for a Social Security Number but have a filing or reporting requirement for tax purposes. ITINs are issued to foreign nationals, resident and non-resident aliens regardless of immigration status. They are used for tax reporting only. ITINs that have not been used on a tax return for tax years 2014, 2015, or 2016 will expire December 31, 2017. Additionally, ITINs with middle digits 70, 71, 72 or 80. (e.g. XXX-70-XXXX) will expire. IRS will send a CP-48 Notice to those affected.



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RETURN SERVICE REQUESTED

SPOTLIGHT ON AN OWNER IN TRANSITION..... *Elke*

Our founder, owner and preparer, Elke, is working towards retirement. This means her role at Ada Tax Professionals is changing. Most of the administrative duties have already been turned over to Miri. You may have noticed the rest of us have been taking care of some of your needs already.

Presently (the off season) Elke is dropping into the office regularly for a couple of hours and occasionally a full day as the needed. If she is your preparer and you need assistance you have choices depending on your need and/or preference. If you desire an appointment, just call the office and we will set it up around the days she is in town. Most issues can be addressed by any of the preparers in the office whether it be Kara, Darci or Miri. Usually Elke is just a phone call away should she be needed.

Tax Season is, of course, a different story. Although Elke is not taking new clients, the present plan is to continue working full time February-April preparing and reviewing returns. *What does this mean to you?* If Elke has been preparing your tax return find comfort that your tax and bookkeeping needs will still be met. We have several EAs in the office to take referrals from Elke's clients as she phases into retirement.

This is a good time to remind you that we at Ada Tax Professionals work as a team. This includes brainstorming client issues, completing special projects and providing the best service possible to all our clients. Also, over the years many procedures have been put in place and an environment created that assures the smooth running of the business. (Well, most of the time.)

What is Elke doing with all that extra time.....helping her husband David, retired, with his new vocation creating and selling woodturnings throughout the state. She is getting (very slowly) to all those projects and maintenance chores at home, which have been neglected for a long time. Eating that overwhelming elephant, one bite at a time.