

BITS & PIECES OF TAX NEWS

AND OTHER ITEMS OF INTEREST *July 2019*

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Getting Your Affairs in Order

One day, my mother received a phone call from an elderly aunt in Phoenix. Her husband had passed away the year before and this great aunt was 'getting her affairs in order'. She asked my mother if she would settle her estate when the time came. My mother agreed.

Years later, the aunt died. My mother felt an obligation to take care of things. Where to begin? A Will, of course! That will tell me what to do, my mother thought. The problem was, Mom didn't have a copy of a will, didn't know where her aunt kept one, and didn't know the attorney who had (presumably) written one. Okay, we should search her house. Well, she lived in a different state and Mom didn't have a house key. After flying to Phoenix, she had to get a court order for permission to enter the house and pay a locksmith to open the door. She searched the house and couldn't find a will or a safe deposit key or any clues. She had to go back to court to be appointed the Estate Administrator. More legal fees paid.

Next issue; where to bury her? Oh, well she probably has a cemetery plot next to her husband. Search. Nope, he had been buried next to his first wife. Oh, well maybe the aunt had planned to be buried next to her first husband. Ah...what was his name? I was just a kid when he died...

All the cemeteries were searching for a plot owned by the aunt. The days went by. Mom decided she would have to buy a plot, so she did. But just before they were ready to bury her, a cemetery discovered a plot under her name. Okay, that's good. At least she'll rest where she wanted to be. I'll just have to sell this one I just bought...

Of course, this was just the tip of the iceberg. The story goes on and on. A couple of years later when the estate was finally settled, there wasn't enough money left to reimburse my mom for everything she'd paid. Unfortunately, much of the hassle and cost could have been easily avoided.

Having your affairs in order does not mean you need to spend a lot of money and have everything perfect, but it does mean more than just appointing a responsible person to handle it. To get started:

- ◇ If you have minor children or are raising grandchildren, decide with who and where they would live in the event of your death. Discuss it with that person and make sure they will accept that responsibility.
- ◇ Make sure you have a Will and update it periodically as life changes.
- ◇ Organize your important papers, legal documents and financial information. Don't forget your online life; keep user ids and passwords secure and current.
- ◇ Express your desires verbally and on paper of who you want to take care of things and what they should do. Name an alternate person just in case. Tell them where to find your documents. If you keep them in a safe deposit box, make sure they have access and know where to find a key. If you keep them in a safe, they should have the combination or know where to find it.
- ◇ Express your desires for your end of life/medical preferences with your doctors, appointed representative and family members.

It's easy to think that none of this applies if you're young and healthy, but we all need to be prepared.

Energy Efficient Improvements

Thinking about installing solar panels or solar attic fans? The current credit for energy efficient property expires December 31, 2021. The credit for energy efficient furnaces, hot water heaters expired December 31, 2017. We expected it to be extended, but it never happened. So don't wait too long, the "extenders" are no longer automatically extended.

You may be able to take a credit of 30% of your costs of qualified solar electric property, solar water heating property, small wind energy property, geothermal heat pump property, and fuel cell property. Included are labor costs properly allocable to the onsite preparation, assembly, or original installation of the residential energy efficient property and for piping or wiring to interconnect such property to the home. The home doesn't have to be your main home unless for fuel cell property.

Don't miss out on Idaho's deduction for Energy Efficient Upgrades and Alternative Energy Devices. This deduction is in addition to the federal credit, and includes a broader range of devices.



Qualifying devices for Idaho include:

- ◇ A system using solar radiation, wind, or geothermal to provide heating or cooling, or produce electrical power.
- ◇ A fluid-to-air heat pump operating on a fluid reservoir heated by solar radiation or geothermal resource.
- ◇ A natural gas or propane heating unit that replaces a noncertified wood stove.
- ◇ An Environmental Protection Agency (EPA)-certified wood stove or pellet stove.

Energy Efficient Upgrades to your primary residence if built before Jan 1, 2002 include:

- ◇ Insulation that's added to, not replacing, existing insulation.
- ◇ Windows that replace less efficient existing windows.
- ◇ Storm windows.
- ◇ Weather stripping and caulking.
- ◇ Duct sealing and insulation.

Labor cost to install the energy efficiency upgrades is also deductible. Storm doors do not qualify for this deduction.

Of course there are other caveats and limitations, so if you are getting ready to do some energy efficient improvements, give us a call. We can explain the details.

It's Time to Check Your Withholding Again...

Summer and fall is a great time of year to make sure your tax withholding is adequate. Take the initiative now to avoid an unpleasant surprise next tax season. If your projection falls short, you have several months left in the year to make up the difference. To make a change, submit a new Form W-4 to your employer or Form W-4P for retirement accounts. Many organizations allow you to do this online.

Remember, the State of Idaho has their own W-4 form and the Idaho calculation is different than the federal. The number of allowances claimed on the Idaho W-4 should not be more than the number of children under age 17 in your family.

If your income is quite a bit higher or lower than 2018, call us and we can help you estimate. There is also a Paycheck Checkup calculator on the IRS.gov website. Find it by choosing News -> Tax Reform -> Paycheck Checkup. It's toward the bottom of the Tax Reform page in the Individuals box.

If you own your own business or the bulk of your income is not wages or retirement pay, filling out your W-4 is more complicated. When in doubt, call the office, 208-377-4303. We're open 9 -5 Mon thru Fri all summer long.

THE BULLETIN BOARD

No Health Insurance? No Penalty!!!!

The shared Responsibility Payment is zero for 2019. The affordable Health Care Act is still in effect, but the penalty for not having insurance is gone!

**Big News!!!!
IRA contribution
limits have
increased for 2019.
You can add up to
\$6,000 to your IRA,
\$7,000 if you're 50
or older.**

**Idaho State Tax Commission
has moved across town and
is open to the public as of
July 22. They are now at
11321 W. Chinden Blvd.,
Bldg. 2 (former HP campus).
Phone numbers and mailing
addresses are still the same.**

Recycle Corner

City of Eagle residents can also participate in the Orange Bag recycling program.

The Orange Bag program is accessible to Eagle residents thanks to the City of Boise. Buy your bags at the Eagle Public Library or City Hall.

Eagle also has a pilot program to recycle the flimsy #1 plastic water bottles. They are collected near the glass recycling station by the Library.



More "ITINs" Scheduled to Expire

An ITIN is an "Individual Tax Identification Number" issued by the IRS to individuals who are ineligible for a Social Security Number.

Your ITIN may expire before you file a tax return in 2020. All ITINs not used on a federal tax return at least once in the last three years will expire on December 31, 2019. Additionally, all ITINs issued before 2013 with middle digits of 83, 84, 85, 86, or 87 (Example: (9XX-83-XXXX)) will also expire at the end of the year. If yours has expired - Renew Now!

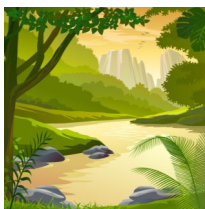


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SPOTLIGHT ON *Miri*

It has been 20 years since Miri started working at Ada Tax Professionals as our receptionist. In that time, she has gotten married, learned how to prepare taxes, had a kid, earned her Enrolled Agent credential and gotten to know many wonderful clients. Her clients have seen her daughter grow through the pictures on her desk and swapped stories as their kids grew too.

She has been through audits, collections, divorces, marriages, deaths, retirements, and many other life changes with her clients. Miri has also overseen many small business bookkeeping and payroll clients as they come and go.

For those that haven't had the pleasure to visit with her, Miri is a mountain girl that spends as much time as possible in the back country. Her favorite place is Big Creek where her family spends every summer at their place there. She believes watching the sun come up over the mountain with a cup of coffee is the best way to start a day.

Over the years, she has been active with Idaho Association of Tax Consultants whose mission is to provide affordable education statewide. Staying on top of tax law is a challenge that she takes head on. Miri has researched and taught several classes on various topics for IATC.

She looks forward to many more enjoyable years at Ada Tax Professionals knowing and helping clients like you.

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