

Stoepker & DeVries, CPA

1457 44th St SE, Suite 100

Grand Rapids, MI 49508

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Another tax season is coming up quickly, so once again we've enclosed our information sheet to make sure we can accurately prepare your 2017 tax returns with minimal questions from us. It's a big help to us if you take the time to fill out everything possible on these pages. IRS continues to demand more accountability from tax preparers, and this means we need more help in preparing your tax returns. Many of the new IRS demands are related to more security due to the dramatic increase in identity theft. We take this problem very seriously and are intending to do our part to minimize the problem. One of the changes IRS is implementing is that they will not accept any returns until January 23 and will not process any returns with earned income credits or refundable child credits until after February 15. **We are asking everyone to confirm their bank information for direct deposit purposes and are asking for a copy of a voided check to set this up properly.** IRS has required much more documentation from us, individually and as a company, to prove that we are a legitimate preparer. This process has been completed and we're ready!

We are excited to be working with ARGI Financial and their clients again this year. Shari Hooper and her experienced team offer Personal and Business financial services, including Investment Management and Financial Planning, to hundreds of individuals and businesses throughout West Michigan. Welcome back to ARGI Financial and their clients!

We've enclosed some recent business tax changes for 2016 that were sent to our business clients (see back). Some of these changes may be important to you, especially if you currently have a small business. **Please note the important changes in the reporting, due date and penalties for 1099's and also the due date changes for the business returns.** The standard mileage rate for businesses for 2017 has been set at 53.5 cents per mile (down from 54.0 cents for 2016).

There are very few tax changes for 2016. The 2016 mileage rate for charitable is 14.0 cents per mile and medical is 19.0 cents per mile. For 2016, the Affordable Care Act penalty for not having health insurance rose to the greater of \$695 per uninsured adult and \$347.50 per uninsured child under age 18, or 2.5% of household income. The deduction for college tuition (not the tuition credit, which is permanent), private mortgage insurance (PMI) deduction and most of the residential energy credits will expire after 2016.

We do expect some major changes for the 2017 tax year and we'll be monitoring this closely as the year goes along. In general, we expect to see tax rates go down compared to 2016. We will keep you informed through our web site and we'll be happy to answer any questions during the year.

Just a reminder, **IRS will never call or email you.** Any correspondence from IRS is by mail, so give us a call whenever you receive a notice so we can review it.

We are always here to answer any questions you may have, so feel free to contact us. Thank you for your trust in us to provide the best tax and accounting services.

Business changes for 2016/2017

1. **The mileage rate** for business use of a vehicle is 54 cents per mile for 2016. The 2017 rate decreased slightly to 53.5 cents per mile.
2. Effective for **2016 W-2's and 1099's**: The due date is still 1/31/17 to issue and give to the recipient. The change is that the employer needs to submit to IRS and Social Security Administration by 1/31/17, as well. This changed from 2/28 to 1/31 for this year. **Please work with our office to have all needed information by 1/16/17, if at all possible, for both W-2 information and 1099 information.**
3. The **new penalty** for **either** late filing or not filing of 1099's is increased to as much as \$260.00 per missing or late 1099. This can be a very substantial cost!
4. The **due date** for 1120 (C corporation) tax returns is changed from March 15 to 4/18/17. The due date for 1065 partnership returns is changed from April 15 to 3/15/17. The 1120S (S corporation) returns remain due on 3/15/17. The penalty for late filing is increased from \$135.00 to \$205.00 per partner per month.
5. The **Section 179 bonus depreciation** amount remains at \$500,000 for 2016. This means you can write off 100% of any new equipment up to this amount purchased this year.
6. The **minimum wage** goes up to \$8.90 per hour and \$3.38 per hour for tipped employees, effective 1/1/17. The maximum taxable earnings for social security increases from \$118,500 to \$127,200 for 2017.
7. All **new employees** must fill out the revised I-9 form (copy enclosed) along with the federal and state W-4 forms and the Michigan New Hire form. These forms should be filled out before the employee begins working. The E-Verify program related to this new I-9 form is still voluntary but is likely to become mandatory in the near future. This is intended to verify that the workers you hire are legally allowed to work in the United States. The website to register is: www.uscis.gov/e-verify.
8. There was a comprehensive law change in the **salaried overtime rules** to be effective 12/1/16. These changes have been put on hold because of a legal challenge and are likely to be completely eliminated once Trump becomes president in January.