

# H & R PYE'S TAX SAVER

December 2014

Please call by January 23rd to preschedule and/or confirm your appointment to be entered into both of our Appointment Contests!

## Ron A. Pye Scholarship Fund



Ron graduated from Morse High School with the Great Class of 1960. We enjoyed going to class reunions and staying in touch with various classmates.

Over the years, we had discussed setting up a scholarship fund to help a Morse graduate who planned to study accounting.

After Ron passed away, I decided now was the time to set up the Ron A. Pye Scholarship Fund in Ron's memory.

I am pleased to tell you that thanks to our clients and friends we have already raised \$10,000 and the first scholarship of \$500 was awarded in June. I cannot begin to tell you how much your generosity means to me and Ron.

Additional tax deductible donations to this Scholarship are always appreciated. Make checks payable to:

Morse High School Scholarship Fund  
In the memo: Ron A. Pye Scholarship

You can bring in your donation at your tax appointment and we will forward it to the Scholarship Fund, or you can mail it to

P O Box 1030  
Bath, ME 04530

Or you can add the donation to your tax preparation fee and we will forward it to the Scholarship Fund.



**BEWARE—The IRS will not make initial contact with you thru e-mail or telephone!**

**Under no circumstances should you reveal any private information over the phone or thru email.**

Beware of sophisticated phone scams that try to separate you from your hard earned money.

Victims of these increasingly bold scams are contacted by phone and told that they owe the IRS money and have to pay it immediately. If the victims seem reluctant, the scammers threaten the taxpayers with arrest, suspension of drivers or business license or even deportation. The caller becomes increasingly aggressive, even hostile and insulting.

Sometimes these callers will say that you have a refund due in order to trick you into revealing your private information. They can even alter the caller ID to make it appear as though the IRS is actually calling.

If you are called by someone on the phone claiming to be from the IRS, tell them that you are represented by an enrolled agent. If you are one of our clients, give them my name and contact information and nothing more.

## Affordable Health Care (aka Obama Care)

This tax season promises to be a difficult one for our clients and office. First, Congress still has not passed the tax extenders bill which is addressing 55 tax breaks that expired on 12/31/13. Until Congress decides which tax breaks will be renewed, the IRS can not finalize the tax forms and the starting date of electronic filing cannot be determined.

Second, this is the first tax return to be impacted by Affordable Health Care (aka Obama Care). If you have health insurance for you and your family that meets the Safe Harbor standards established by Congress, all we will need is proof you had the insurance in 2014 and that you had the coverage for the whole calendar year. If you obtained the insurance from the marketplace they will send you Form 1095-A.

If you didn't have a policy that met the Safe Harbor standards, or you had coverage for only part of the year, or you did not have coverage for your whole family then your tax return just got more complicated, more costly to prepare and will probably

Continued on Page 2

Affordable Health Care (aka Obama Care) continued from Page 1  
take longer to finish because of the extra work and information we will need from you.

There are a number of exemptions from the requirement to have a Safe Harbor Health Insurance Policy. We have posted the Coverage Exemptions on our Website [www.pyestax.com](http://www.pyestax.com) along with the Application for Exemption from the Shared Responsibility Payment for Individuals who Experience Hardships or you can call our office and ask us to mail it to you.

Some of the exemptions are granted by the Marketplace, others are automatic if you qualify for them, and still others will require that you submit a request to the IRS (prior to completing your tax return) in writing and obtain a Hardship Exemption Certificate Number. If you think you qualify for an exemption, please file your request before your appointment.

If you obtained health insurance thru the Marketplace, you may have gotten a premium tax credit or may be entitled to one when we prepare your tax return. If you received an Advanced Premium Credit we will need Form 1095-A, Health Insurance Marketplace Statement. They have to send out this form by January 31st.

We will need the household income for everyone you claim on your tax return to calculate the premium credit you should have had and to make any adjustments as needed. If you do not qualify for an exemption we will also need the household income to calculate the amount of your Shared Responsibility Payment.



### Contest Winners

The 2014 Prescheduled Appointment Winners are Marie A. Williams (will receive a \$25 credit memo); the following winners will each receive a \$15 credit memo: David Jenec, James & Marie Pennell, Clifford & Janet Hooper, Joan Atwood, and Troy & Christine Solberg.

The 2014 Hidden Message Winners are (each will receive a \$25 credit memo): Judy Plummer, Carl & Gracie Urquhart, Ron & Linda Burnette, Gerald & Joyce Strange, Harold & Sylvia Ames and Adrien Bernier.

The 2014 Confirmed Appointment Winners are (each will receive a check for \$100): Dennis & Helen Phinney, Mary Browning, and Mark & Susan Ruska.

The 2014 Referral Winner is: Stephen Mosher who will receive a \$50 credit.

All credits and checks will be held at our office and presented to the winners at their tax appointment.

## H & R PYE'S TAX SAVER



### JUST THE FAX, M'AM:

Just like Joe Friday, we like the fax. Please remember to include a cover page with your documents that includes the date, who your fax is going to, and the number of pages you are sending to us. Also, it is incredibly helpful if you would write page numbers on the bottom right hand corner of your documents. That way, if not all of the pages come through, we can let you know what pages need to be resent.



### BE LIKE SANTA, CHECK YOUR LIST – AT LEAST ONCE, MAYBE TWICE:

We ask that you review the check off lists, answer the questions with a yes, no, N/A or a “?” if you are not sure. Also, where we ask about W2’s, 1099’s, SSA, etc. please put the number of items that you have. Some clients find it helpful to have a lined sheet of paper to list their answers; just remember to number them!

**And finally – open your mail.** You need to be reviewing your statements to be sure they are accurate – it is not at all unusual for an employer to have a typo on your W2, or to transpose a figure, etc. Mistakes happen and they need to be corrected before we can file your return. If you don’t open your mail until you are in our office, the processing of your return will be delayed while we wait for a corrected document.

As Congress and the IRS make completing your tax return more complicated, the better prepared you are coming to your appointment, the more time we have to explain your tax situation to you.

### Maine Property Tax Fairness Credit—Revised

Basic Rules:

Those eligible must meet the following requirements:

1. Were Maine residents during any part of the year;
2. Owned or rented a home in Maine during any part of the year and lived in that home during the year;
3. Your household adjusted gross income is not more than:  
\$33,333 a year for a household of 1  
\$43,333 a year for a household of 2  
\$53,333 for a household of 3 or more  
These figures will go up each year due to cost of living.
4. Paid property tax on a home in Maine during the tax year that was more than 6% of Maine adjusted gross income or paid rent to live in a home or apartment in Maine during the year that was more than 40% of Maine adjusted gross income.
5. There are various limits based on household size as to how much of your property taxes or rent may be used to calculate your credit.
5. Maximum benefit of \$600 (\$900 if 65 or older).
6. Must file a Maine Return to apply for the refund.

*We wish you a happy, healthy and prosperous New Year!*

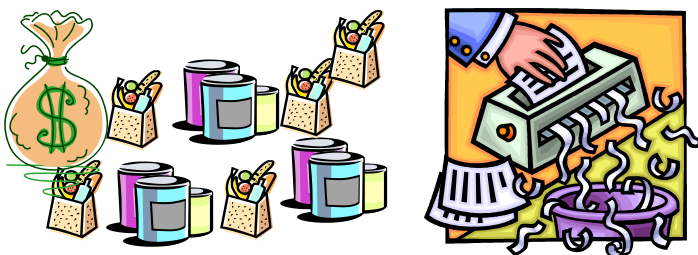
**Donate to Food Pantry  
Get Coupon for Free Shredding**

We hear stories about local food pantries having to close because they don't have the funds to pay their operating expenses or they don't have enough food and toiletries to help everyone in need.

We have decided to collect donations of unopened, non-expired non-perishable food and toiletries for Good Shepherd. We will also be collecting money donations for the Mid Coast Hunger Prevention Program.

The Mid Coast Hunger Prevention Program serves:  
 Brunswick      Topsham      Bowdoin  
 Bowdoinham      Lisbon      Lisbon Falls  
 Durham      Harpswell      Bailey Island  
 Cundy's Harbor      Orr's Island

As a thank you, we will be giving out coupons for Free Shredding of up to 2 Banker Boxes at our office at a date to be determined. We will notify you when the date and time is set.



**Did You Know We Can Help You  
No Matter Where You May Go?**

Whether you have moved out of the area, are going South for the Winter or prefer not to worry about Maine's winter weather, we are still able to prepare your income taxes for you.

We have the ability to file tax returns for every state in the United States and if you are in the military or out of the country on a job assignment we are also able to prepare and file your tax returns.

If you want to know when we will be working on your return, please call and set up a paper appointment—that way we know when we will have your information and you will know when we will be working on your return.

We will need: All of your tax information, pertinent check off lists with all questions answered, signed engagement letter, completed and signed disclosure form, and completed client information sheet.

We recommend mailing Certified, Return Receipt Requested, Express Mail, FedEx, or UPS or scanning and emailing your documents to us.

**Save Money On Your Property Taxes**

**Have you owned your home for at least 12 months and are you a Resident of Maine?** If you answer yes to both of these questions you should qualify for the Homestead Exemption—call your town office today and ask about it. You have to file your paperwork by April 1st in order to receive the deduction on your Fall taxes.

**Are you or your spouse a veteran** and at least 62 years old? If yes, you qualify for the Veteran's Exemption. You will need form DD214 when you call your town hall.

Both of these exemptions only have to be applied for once and thereafter you will receive the reduction automatically. This is not a rebate. Instead it is a reduction to the amount of taxes you pay. **They are for everyone regardless of your income.** Any questions, call your town office. If you move to a new home, you need to request that they transfer these exemptions to your new home.

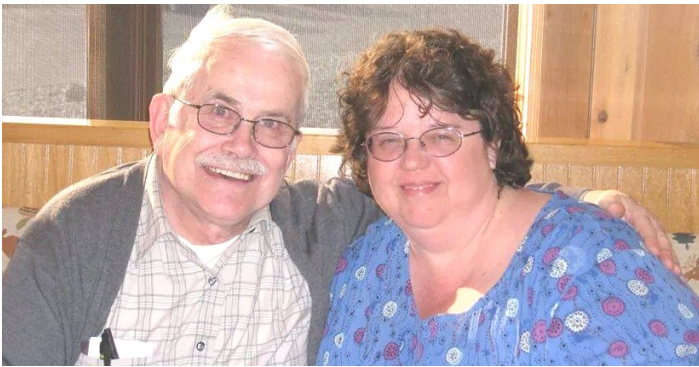
**IRS Mileage Rates**

	2014	2015
Business	\$.56	Unavailable
Medical/Moving	\$.235	Unavailable
Charitable	\$.14	\$.14

**Annual Limitations**

As you know, there are limits each year to how much you can give as a gift without having to file a Gift Tax Return, how much you can contribute to your IRA (Regular and Roth), your Deferred Compensation Plan at work, and your Health Savings Account. The following chart provides you with the maximum amounts for 2014 and for 2015.

	2014	2015
Annual Gift Exclusion	\$14,000	\$14,000
IRA contributions	\$5,500	\$5,500
IRA age 50 Catch Up	\$1,000	\$1,000
Simple IRA contributions	\$12,000	\$12,500
Simple IRA Catch Up	\$2,500	\$3,000
401k, 403b, and 457 plans	\$17,500	\$18,000
401k, 403b, and 457 Catch Up	\$5,500	\$6,000
Health Savings Accounts		
Self-plan	\$3,300	\$3,350
Family-plan	\$6,550	\$6,650
Age 55 Catch Up	\$1,000	\$1,000



**2014—The Year That Was**

As most of you know by now, 2014 started out on an incredibly sad note, with Ron’s declining health and ultimate passing on February 10<sup>th</sup>. As you can imagine, Ron’s loss was a tremendous one both personally and professionally, not just for me, but for our staff and families as well.

I want to thank Cheryl, Linda, Travis, and Doreen for pulling together to not just make sure I was doing okay, but to also make sure tax season ran as smoothly as it possibly could, given the circumstances. I would also like to thank Carol for running our errands and making sure we were kept in a constant (and delicious) supply of scones. I would be remiss to not thank Karl Keyser for increasing his hours to assist with our clients, and to agreeing to come back to us for this upcoming season. And our niece Chelsea who helped us during her college breaks and worked for us this summer.

Our granddaughter Caitlin was married over Memorial Day weekend and welcomed a new baby boy, Colby, in July.



Our niece Chelsea graduated Magna Cum Laude from University of Maine—Farmington with a double degree in English and Creative Writing. We are all very proud of her. She was accepted

into the Disney College Internship Program for the 2nd time and asked me to go down to Disney with her. I knew it would be difficult (and it was) so I decided to take Cheryl and Chapin with us.



This past June Cheryl, Linda and I traveled to Denver, Colorado for a conference with H.D. Vest. It was very enlightening for all of us, and it is safe to say we came back with some great ideas.

We have also been busy going to various tax conferences (or “symposiums” as Linda likes to call them) for continuing education. I would like to say that we are all now experts on the Affordable Care Act, but that would not be true. As with most things having to do with Congress and the IRS, no one really seems to have a grasp on this particular law.



Those of you who are on Facebook know that Cheryl, Linda and I had numerous “team building” sessions throughout the summer and fall. Some of the team building included Chelsea and/or Barbara

West. If you are not aware of where we went, please be sure to ask when you come in for your appointment. These adventures went a long way towards rebuilding our morale.



After tax season finally ended on October 15th, I decided that Cheryl, Linda and I deserved to go to Disney World and

attend the Disney Food & Wine Festival with Chelsea. It was a much needed break for all of us.

I will be spending Christmas week this year with my sister Cheryl, her husband Bob, and their children Chelsea and Chapin at Disney World (Ron’s and my favorite vacation place).

As this difficult year draws to a close, we are looking forward to 2015. Our full time office crew includes Cheryl (office manager and tax preparer), Linda (who also does payroll) and Travis (who will be my lead assistant on the financial planning end) and Karl who will be seeing clients 4 days a week during tax season. We are also pleased to welcome back Doreen Babbidge and Lynne Atkinson as office assistants, Carol Toothaker will be our errand runner and of course our furry helpers Interest & Dividend. And finally, thank you to all of you for your support and understanding during this past year. We look forward to seeing you at your appointment.

**Child Tax Credit, Earned Income Credit and Childcare Credit**

Starting with the 2012 Tax Returns you **must bring written proof** that your child lives with you in order to receive any of these credits:

- ☞ \$1000 Child Tax Credit for your child who is under 17
- ☞ Childcare Credit
- ☞ Earned Income Credit

The proof needs to show the child's name, your name and your child's address.

**These are the types of proof we need if you are claiming any of these tax credits. Not having this proof when you come in for your tax appointment will delay finishing your tax return.**

Acceptable proof:

- |                                |                        |
|--------------------------------|------------------------|
| School records or statement    | Landlord statement     |
| Health care provider statement | Medical records        |
| Child care provider records    | Social services record |
| Church statement               |                        |

If your child does not live with you, then you must have a signed IRS Form 8332 from the custodial parent giving you the legal right to claim the child.

If you are self-employed we will also need to tell the IRS how we obtained your business income and expenses. Please bring all 1099 Misc statements that you receive and please make sure you either completely fill out the business check off list or provide us with your own paperwork that provides us with the same information.

We have an EIC Questionnaire posted on our website that you should print out and fill in prior to your tax appointment so that we have all the information we need to make sure you qualify for this valuable credit. If you are unable to get it from our website, please call and we can mail it to you.

**Need A Extra Copy of Your Tax Return?**

We provide each of you with a copy of your tax return—although some of you may never have picked up your copy. If you need an additional copy we will be happy to provide it to you for a fee, as follows:

- ☞ Returns emailed \$10 per year requested
- ☞ Returns printed for picking up \$15 per year requested
- ☞ Returns printed & mailed \$20 per year requested
- ☞ Returns faxed \$15 per year plus \$1 per page requested

If you need the copy the same day you requested it, there is a \$25 rush fee in addition to the above fees

For the record, the IRS will provide you with a copy for \$50 and they take their sweet time about getting it to you.



**2015 Contest Deadlines**

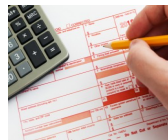
**Sign up for our E-mail Alerts on our website [www.pyestax.com](http://www.pyestax.com)** and be entered into a drawing for a \$50 credit—up to 3 winners. Deadline is **Wednesday, April 15th.**

**Prescheduled Appointment Contest:** 5 prizes of \$15 credit each. Deadline is **Friday January 23rd, 2015.**

**Confirm Your Appointment Contest:** Call and confirm your tax appointment by **Friday January 23rd, 2015** and be entered into a drawing for 3 separate \$50 credits.

**Client Referral Rebates :** \$10 credit memo for each referral; We are eliminating the referral contest but will continue to issue credit memos for each referral you send to us. No limit to the number of credits you can receive.

**Business & Rental Property Owners**



***If you need us to prepare your W-2s and/or 1099s we HAVE TO HAVE all of the information in writing by Monday January 19th in order to give you the 50% discount on our fee.***

Remember, we need full name, address and social security numbers as well as the amount you paid them in writing. For our protection and yours **we can not accept this information verbally.** We can not take this information over the phone—please fax, mail or email it to [cheryl@pyestax.com](mailto:cheryl@pyestax.com). Remember if you own a business you should have all your information totaled by categories in order to minimize any accounting fees.

**Where's My Package?**



Many of you have asked, "Why don't I receive my tax package at my appointment?" We established the practice of double checking every return at least 16 years ago. It is an important piece of the service we provide to you, and as tax laws and forms become increasingly complicated, it is an essential piece of our practice. The difference between then and now is simple – until 2011, we did the double checking **AFTER** your return was released to you, but before we filed. Since 2011, we have put the files through this process prior to releasing the files – this ensures the accuracy of your return prior to electronically filing. No one likes to make mistakes, but unfortunately they do sometimes happen. By completely reviewing your return prior to releasing the file to you, we are ensuring the quality and accuracy of your filed return.



**How To Reach Us**

**If you have any questions** about any of the articles in this newsletter (or any other tax matters) there are a number of ways to reach us: **(207) 443-6183** Fax us at (207) 443-8970  
 \* Email us at [hollpye@pyestax.com](mailto:hollpye@pyestax.com) or [cheryl@pyestax.com](mailto:cheryl@pyestax.com) **Our website is [www.pyestax.com](http://www.pyestax.com)**  
 \* Our office is located at: 46 Varney Mill Road Bath, ME 04530

## Help Us Help You

Please go to [www.pyestax.com](http://www.pyestax.com) to print out the checklists and worksheets that you need to prepare for your tax appointment. We ask that you fill out the checklists and worksheets, bring them to your appointment—this is to help you make sure that you have all of your information. You can also subscribe to our mailing list—you will be notified by email of any updates as well as the availability of our newsletter and check off lists and be entered into our website contest.

Because we are mandated to e-file all tax returns, we will need to have our fees paid in full and the IRS Form 8879 signed, by both spouses if applicable, before we can transmit your return. We accept checks, cash, credit and debit card payments. We thank you in advance for your cooperation.

Please help us to help you by filling in the Client Information Sheet completely. Do not assume that we have your current contact information or banking information. Many times we

H & R Pye's Tax & Accounting Service  
46 Varney Mill Road  
Bath, ME 04530

## Various Tidbits

On our website you will find additional information about year end tax savings ideas, as well as general tax info regarding charitable contributions and other topics that may be of interest to you. Visit our website at [www.pyestax.com](http://www.pyestax.com) and sign up for email notifications so you will be aware of any changes that happen during the year.

As always, we will stay on top of the tax developments to make sure we do the best job possible!

**Social Security earnings limit for 2015** if you have not reached full retirement age you can earn up to \$15,720 per year or \$1,310 per month before having to repay any benefits.

In the calendar year you reach full retirement age you can earn \$41,880 per year or \$3,490 per month before repaying any benefits. Once you have been at full retirement age for a full month, you no longer have any earnings limit.

have been told that nothing has changed, and then discover a discontinued phone or cell phone number or even that people have changed their email address and sometimes even moved or gotten married or divorced but never gave us this important information.

We also want to make sure that we have your current banking information—the IRS and State of Maine are slow enough in issuing refunds without having the added problem of an old bank account that is no longer open. And if you owe the government and use an old bank account—you will not be happy with the problems this will create for you.

We also need to know who you will be claiming on your tax return this year—we don't know if someone moved out, moved in, started or finished college, got married etc. And if someone is in college we will need the 1098T from the school (or the tuition bills) and the cost of books, equipment and supplies so we can get you the best tax credit available to you.

**The State of Maine has increased the Pension Deduction** from \$6,000 to \$10,000 and has expanded it to include all federally taxable pension income, annuity income and individual retirement account distributions. This deduction is reduced by any Social Security benefits you receive as well as the Maine Public Employees Retirement System pick-up contributions for which a tax deduction on your Maine return is allowed.

**Maine still has a cap on allowed itemized deductions** of \$27,500. **However** the Maine cap will no longer apply to medical and dental expenses included in an individual's federal itemized deductions. And for tax years beginning in 2016, you will be able to claim up to an additional \$18,000 in charitable deductions but only to the extent they were included in your federal itemized deductions. After tax year 2016, you will be able to claim all your charitable contributions that are included in your federal itemized deductions.