

## H & R PYE'S TAXSAVER

Another year is drawing to a close, and it is time once again to turn our attention to our favorite season – TAX SEASON! Who doesn't love a good tax return, right?

You may recall that we greeted the start of 2018 with the news that Congress had passed sweeping tax reforms that are supposed to benefit many Americans (albeit for a short period of time).

Here are some highlights of the changes:

- Tax brackets have been changed;
- The tax return itself has received a makeover – there is now only one form – the 1040;
- The standard deductions have been increased:
  - Single/Married Filing Separately: \$12,000
  - Head of Household: \$18,000
  - Married filing Joint/ Surviving Spouse: \$24,000
- The personal exemption no longer exists;
- Miscellaneous itemized deductions are gone.
- Mortgage interest and home equity (or 2<sup>nd</sup> mortgage) interest **is only** deductible if you used the funds to purchase, build or improve your primary home, or a second home.

- If you used the equity in your primary home to purchase a 2<sup>nd</sup> home, THAT INTEREST IS NOT DEDUCTIBLE.
- The child tax credit had been increased to \$2,000 per qualified child, of which \$1400 per child is refundable;

**(Continued on page 5)**

### PROOF OF RESIDENCY

If you have children or a qualified dependent that are on your tax return, we must have proof of residency for each child. The IRS will accept **current** letters on official letterhead from schools, medical providers, social service agencies, or places of worship that show the name of the child's parent or guardian, the child's address and the dates the child lived with you. Please note birth certificates are not proof of residency. Proof of residency must have:

- Child's name
- Physical address
- At least one parent's name
- Must

Please note, this is not fun for us. It is a requirement of the IRS that paid tax preparers perform due diligence on tax returns. If we file a return that has any type of credit related to a child or qualified dependent, and we have not obtained written verification, we are subject to a \$500 fine PER CREDIT, which in some cases could mean \$2,000 per return.

## BRUNSWICK TAX RELIEF

Per an article in the Times Record (December 4, 2018) the Town of Brunswick approved a property tax rent and rebate program to give some tax relief to Brunswick Seniors. To qualify for the program, you must be at least 70 years old, have lived in Brunswick for at least TEN years and be up to date on your current property taxes. You must also have qualified for the State Property Tax Fairness Credit Program. Contact the Town of Brunswick for additional information on how to apply.

## DEADLINES

As you know, the deadline for filing your taxes with the IRS is generally April 15<sup>th</sup>. We say generally because for the past few years a little-known federal holiday known as Emancipation Proclamation Day has affected the filing deadline. Fortunately, that is not the case this year.

If for some reason you need to go on extension, and you have not had your tax appointment prior to that date, please call us before April 12<sup>th</sup> to request the extension.

One final note: this year, if you have not gotten all of your information to us or had your initial tax appointment by June 1<sup>st</sup>, an additional fee of \$150 will be added to your tax prep bill. Our hope in implementing this fee is that it will encourage everyone to get their taxes finished earlier in the year, so we can better provide our services to everyone.

Finally, it is our intention to have all tax returns filed and accepted by the governmental agencies no later than September 30<sup>th</sup>. Please plan accordingly.

## SCAMS

Tis the season – for scams. These guys are clever, we’ll give them that. Here are some things to watch out for:

- The IRS will not call you (unless you are already in conversations with them).
- That pop up on your computer from Microsoft? Don’t click it – it’s a trap to get you on the phone and to get your credit card information.
- Also, Microsoft will not call you to tell you that your computer is having issues.
- Newest scam: an email seemingly from Social Security directing you to their website so you can update your information. Also, we are hearing stories of people receiving phone calls allegedly from Social Security asking for your bank account information and social security number.

Be wary. If you don’t recognize a number, don’t answer it. If it’s a legitimate call, they will leave a message.

One way to protect yourself from mail theft is to sign up for INFORMED DELIVERY at the USPS website ([www.usps.com](http://www.usps.com)). You will receive notifications on your smart phone, tablet or computer so you will know what you are receiving.

## SAVINGS BONDS

Do you have a stash of savings bonds in your strong box or safe deposit box? Curious about their value? Go to [www.treasurydirect.gov](http://www.treasurydirect.gov) and complete their wizard – it will give you values of your bonds. It also allows you to create an inventory of your bonds which would be invaluable should your bonds become lost or destroyed.

Remember that the interest earned on your savings bonds is actually taxable **WHEN THE BOND MATURES**, even if you do not cash it in.

## UNDERSTANDING YOUR APPOINTMENT

There are several things that are important for you to know and understand in order to have the best tax experience.

To start, you need to bring the following information with you when you come to your appointment:

- Up-to-date bank information (account number, account type, routing number, and bank name)
- A list of your non-cash contributions with the dollar amounts tallied and all math done
- Completed Client Information Sheet, checklists and engagement documents (from our website)
- All tax- and income-related mail, opened and unfolded
- Proof of any new dependents
- If you claim the Earned Income Credit, Additional Child Tax Credit, or Education Credit or Head of Household: proof of the dependent's residency (a document with the parents' names, dependents' names, and the address) and our completed EIC Questionnaire

If you bring these materials and other necessary information with you, then we should be able to finish your tax return at the time of your appointment. Then the return goes through our checking process.

This means the return moves from your preparer to the Pye's staff. The staff then scans and assembles your tax packet, checks and double-checks the return, and files it with the IRS and the state of Maine. Once the return is accepted by both agencies, you are called or sent an email and told the return is ready to be picked up.

However, if you do not get us all of your information by the time of your appointment, you will leave with homework. When you have homework, the process changes.

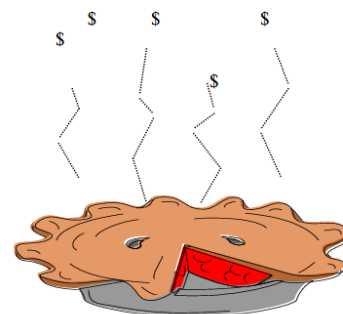
Because our schedules are densely packed from the beginning of tax season to the end, we cannot finish your return as soon as you bring us your homework. Instead, when you bring us your homework, it goes to the bottom of the pile of other clients' completed homework. These returns are then worked on when the preparer has some spare time in between appointments.

This means that even if you have an appointment Monday morning and you bring us your homework Monday afternoon, your preparer cannot work on your return again right away. Instead, they will get to it after they finish the returns of the clients who got their homework in the hour before, or the day before, or the week before, etc.

We understand that this can be frustrating, but it is unfair for us to drop a return from a client who was prepared in order to finish a return from a client who wasn't. And it's impossible for us to give anyone a second appointment because the season is just too busy. So, you can see how important it is for you to come to your tax appointment as prepared as possible.

Also, we need you to let us know immediately if you need to cancel or postpone your appointment. If you are running late, please call us, and understand that our schedule may be too tight to accommodate you, in which case, we will have to move your appointment. If you are sick, please be considerate and call us to reschedule.

We appreciate your understanding.



## CONTEST WINNERS

**Email Alert Contest:** Lee Costa; Caroline Hansen and Kirk Ingalls

**Prescheduled Appointment Contest:** Chad & Pamela Corson; Shawn Davis; Robert Morin; Dwayne & Pam Prior; Russell & Phyllis Thibodeau

**Confirm Your Appointment Contest:** Janette Austin; Warren & Jeanette Kenney; Maarten Zwaan

Congratulations!



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## CONTEST DEADLINES

**Sign up for our email alerts** on our website ([www.pyestax.com](http://www.pyestax.com)) by April 15<sup>th</sup> and be entered into a drawing for a \$50 credit—up to three winners.

**Prescheduled Appointment Contest:** 5 prizes of \$15 credit each. Deadline is **Friday, January 18<sup>th</sup>**.

**Confirm Your Appointment Contest:** Call and confirm your tax appointment by **Friday, January 18<sup>th</sup>** and be entered into a drawing for three separate \$50 credits.

As always, if you refer a new client to us, you will receive a \$10 **credit memo**.

2019 promises to be an interesting tax season with all the new changes to the tax law.

In addition to the tax changes, our office has undergone a change as well. Chelsea left us in June of this past year to work closer to home. We miss her terribly as she added much to our office (least of which was writing this dang newsletter). With that in mind, we have a favor to ask of you – when you call the office, PLEASE leave a message. We are not always able to answer the phone, and hanging up and calling back immediately and repeatedly is not productive. Please leave a voice mail with your name, phone number to call you back at, and your questions. We can then try to have the answer for you prior to our calling you back. Alternatively, you can email your questions to either Cheryl ([cheryl@pyestax.com](mailto:cheryl@pyestax.com)) or Linda ([Linda@pyestax.com](mailto:Linda@pyestax.com)). Thank you for your consideration.

*Go to  
[www.pyestax.com](http://www.pyestax.com)  
for more  
information and to  
print all of the  
documents you  
need to sign and  
bring to your tax  
appointment!*

## HIGHLIGHTS OF TAX LAW CHANGES

(continued from page 1)

- Tax Rates have dropped.
- NOL carrybacks eliminated, NOLs must be carried forward.
- Casualty & theft loss deduction gone, unless in a federally declared disaster area.
- Job related moving expenses no longer deductible (active duty military PCS exception).
- State and local itemized tax deductions (income, excise, real estate, sales) capped at \$10,000.
- All miscellaneous itemized deductions subject to the 2% floor are gone. No more deductions for employee business expenses (including employee travel and meal expenses), investment expenses, hobby expenses, tax prep fees and legal fees that had been allowed as itemized personal income tax deductions in prior years.
- Non-child dependent credit of \$500 per qualifying relative (older child, parent, etc.).
- 529 Plan funds can now be used for qualified education expenses of public, private and religious K-12 grade schools.
- S179 depreciation limit is now \$1,000,000.
- Non-residential roofs, heating/AC equipment, & interior improvements are now are S179 eligible.
- 100% bonus depreciation now includes used qualifying property.
- Like kind exchange rules for real estate only. Can no longer defer gain from a like kind exchange of equipment, such as a tractor/trailer, or a piece of logging or construction equipment.
- Personal income tax deduction of 20% of qualified business income.

## WHAT'S NEW FOR MAINE?

- Personal Exemptions limited to taxpayer and spouse, no exemption for other dependents.
- \$300 credit for dependents that qualified for the federal child or other dependent credit.
- Maine standard deduction equals federal.

## INVESTMENT NEWS

As some of you know, Holly is a licensed advisor with H.D. Vest. She can help you with financial planning, retirement planning or general investing for your future. As part of our ongoing education in this aspect of our business, we attended the annual conference in New Orleans this past June. We look forward to these conferences, not only because they are usually someplace interesting to explore, but also because it allows us to connect with other advisors and assistants across the country, and to share ideas on how best to assist our clients with their overall financial needs. We enjoyed touring New Orleans (travel tip: don't go there in June) and seeing the beautiful homes and architecture of the city. While the devastation of Katrina is still evident, it did not destroy the spirit of the City and its inhabitants.



Amazing Café au Lait and beignets from the famous Café Du Monde

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**Don't pass the Pye's by or your  
taxes may be too high!**

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*We're on the Web!*

*Visit us at:*

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