

January 8, 2020

Dear Clients:

Happy New Year to you and yours. As we start 2020, we are gearing up for another tax season and we would like to remind you to start gathering all your tax information. Just like 2018, the massive Tax Cuts and Jobs Act (TCJA) will have a significant impact on 2019 individual and business income taxes.

The IRS has revised the form 1040 along with creating a new form 1040-SR for seniors, which may be used by taxpayers 65 and over. The IRS has repealed the penalty for not having health insurance coverage (the individual mandate), a major savings for those who do not have health insurance and did not qualify for an exemption. Alimony is no longer deductible for the payor and not includible in income of the payee for signed divorce decrees after 12/31/18. New York State tax law for 2019 still allows a dependency deduction, full real estate tax deductions and unreimbursed business expenses as deductible for those who itemize.

Considering these changes and for proper preparation of your individual income tax return, we will be asking you for the same documentation as last year plus additional information. You may not be able to itemize for federal tax return purposes, deducting mortgage interest, real estate taxes, charitable donations, etc., but for New York State tax return purposes, this may kick in as a better deduction than the standard deduction given. Extra steps and time will be taken to make sure you benefit the best way possible for all federal and state deductions.

**If you have a dependent who you have paid higher education expenses for in 2019, provide us with a printout of the student account showing 2019's tuition paid, room and board payments paid along with the corresponding charges from your students college, or other accredited post-secondary educational institution's account. Also, include 2019 IRS form 1098-T you received.**

Please note a few items which will save us some telephone calls and hopefully some time in preparation of the tax returns.

1. Did your bank account change from last year?
2. Did you get a new or updated driver's license this year? If yes, please provide a copy of the front and back of your new license.
3. If your dependent filed an income tax return, please include a copy with your documents.
4. If you had health insurance through the NYS marketplace, please provide us with Form 1095-A.
5. List date and amount of property and school taxes paid in 2019.
6. List date and amount of estimated tax payments paid to IRS and NYS for 2019.
7. Please make notes about any major changes to your income and deductions. Include all original tax documents you receive.
8. Do you have a home equity loan or line of credit on your principal residence? \_\_\_\_\_. Was the money taken out used to buy, build or substantially improve your main home? \_\_\_\_\_. What was the original amount of the loan or line of credit taken out? \_\_\_\_\_. Amount taken out not used to buy, build or improve your main home? \_\_\_\_\_.
9. Principal Residence Only- Did you purchase your home with a mortgage which incurred before 12/15/17? \_\_\_\_\_. If yes, was the principal mortgage (debt) less than 1 million dollars? \_\_\_\_\_. If no, was the principal (acquisition debt) less than \$750,000? \_\_\_\_\_.

The “Further Consolidated Appropriations Act, 2020” was signed into law on 12/20/19. This act included tax provisions effecting individuals and businesses. This act brought back many deductions and credits that expired at the end of 2017 and 2018 or were set to expire at the end of 2019. To the extent that you could have benefited from any of the 2017 and 2018 resurrected tax provisions, we could filing an amended return to claim any refund you may be due.

The following is a recap of some of the new and old resurrected tax provisions:

- The deduction for Qualified Tuition and Related expenses is now available 2018, 2019 and 2020. If you were not allowed the American Opportunity Credit you may qualify for the tuition deduction. The maximum deduction is \$4,000, income limits apply for eligibility.
- 529 plan distributions were expanded to include fees, books, supplies, and equipment required for the participation of a designated beneficiary in an apprenticeship program.
- Mortgage insurance premiums paid for 2018, 2019 and 2020 qualify as qualified residence interest if they are in connection with acquisition debt for a qualified residence.
- The Kiddie tax provisions changed and went into effect for 2018. The trust and estate tax rates that applied to a child’s unearned income in 2018, no longer apply.
- The nonbusiness energy property credit is extended to property placed in service in 2018, 2019 and 2020. Bringing back the credit for home insulation, exterior doors, exterior windows and skylights, certain roofing materials, electric heat pumps, electric heat pump water heaters, central air condition systems, natural gas, propane or oil furnaces and hot water heaters, biomass fuel stoves, advanced circulating fans for natural gas, propane, or oil furnaces. This credit has a lifetime cap of \$500 and may not be dollar for dollar of the cost.
- The age for Required Minimum Distributions has been increased to 72 years from 70 ½.
- Penalty free IRA withdrawals up to \$5,000 from eligible retirement plans for individuals in case of birth of child or adoption. Check to make sure your plan is eligible before any withdrawals.

Tax returns are prepared in the order they are received. To ensure that your return is prepared on time, please have your completed information to us no later than March 25<sup>th</sup>. Otherwise, we may not be able to meet the April 15<sup>th</sup> deadline and extension requests may need to be filed.

Mail or drop off your information anytime during our regular office hours, 8:30 am through 5:30 pm Monday through Thursday and 8:30 am to 5:00 pm on Friday. We are located at 598 Albany-Shaker Road, on the corner of Knauf Lane. As in the past, all invoices are due and payable upon completion of the return. Attached is the Consumer Bill of Rights required to be sent to you. If you do not understand any part of this bill, please call us with questions.

Thank you for allowing Lev and Bunzey, LLC the opportunity to prepare your 2019 income tax returns. If you need assistance in gathering your information or have additional questions, please email or give us a call. We look forward to hearing from you.

*Lev and Bunzey, LLC*

*Rick, Anita, Robin, Laddie, Jennifer, Brendan and Jennie*