

Piwonka, CPA, Inc. 1040 Clients – What you need To Know!

All Clients are required to sign an Engagement Letter before any work is started on your tax return. The letter explains what you are responsible for and Piwonka, CPA's responsibility.

All tax returns are completed in the order in which they are received. If a tax return has incomplete information it will be set aside and the client contacted. Once the missing information is received the tax return will be reactivated and put in line to be completed. If you do not get your return to us early enough we may have to place you on "extension." There simply may not be enough time to complete the return by the due date. (i.e. Your final information arrives on March 28th and we have 40 clients in line ahead of you.) We will continue to work long days to get extensions done as quickly as possible so the delay will be as short as possible.

Calls: Please do not call us just to see when your return will be completed. We normally are happy to talk to any of our clients, but during tax time everyone is anxious to get their tax return done and extra calls slow us down. If we have questions on your return we will either e-mail or call you to get answers so we can move forward on your return. When your return is complete we will contact you immediately.

Appointments: We are happy to meet with anyone that would like to make an appointment Monday-Friday 9:00AM – 1:30PM. Additional appointment times are available by request. Appointments are billed at a standard hourly rate. Appointments may not be necessary if your income/tax situation has not changed significantly from the previous year.

Getting your information to us: You may drop off, e-mail or fax your tax information to us without making an appointment. The office does now have a drop-box. The box is secure and available to you if you need to drop off information before or after office hours. Please call to be sure we are in the office if you are dropping your information off at a time other than our standard hours and do not wish to use the drop box.

Tax Return Process: Every client's return is handled with the utmost care to ensure that it is accurate and reflects all applicable deductions. Each return, no matter how large or small, goes through the same process. We do not simply enter your data and hand you the return. Our goal is to give you a complete picture of your taxes for the current year and help you plan for the future. Our process is as follows:

- Data Entry – all information from 1099's, W-2's and other tax documents are entered. The IRS mandates that every number placed on the return has supporting records and documents. Piwonka, CPA, Inc. will only place numbers in the return that are supported! (More information about this can be found on our website.)
- If questions arise or information is found to be missing during the data entry, we contact the client and put the return aside.
- Analysis – Your tax return is compared to the previous year(s) to be sure that everything "matches" and that there are no unknown changes. This comparison helps us verify that no additional information is missed or overlooked.
- Planner - We include a tax planner with every return showing the client what their tax return "might look like" in future years reflecting the tax laws currently in place. This helps each client plan for their

future tax situations such as if they are close to a tax threshold, like AMT, or moving up a tax bracket. (If you would like more information check out our website for more examples.)

- Completion – Once we have completed your return we will contact you so you can come in and sign it. We will provide you with a printed and bound copy with all of your original documents.
- Pick Up – We will meet with you to go over your tax return and tax planner. The first 15 minutes is included with your tax return and any time over that will be billed at a standard hourly rate. This meeting gives each client a final chance to identify any errors or missing information. It is not uncommon for a client to realize that they forgot to give us information or a form. Remember, we only know what you tell us!
- Filing - For those that qualify, we will electronically file your returns with the IRS and state. In order to file a return it must be signed. You will sign either the return or the E-Filing form which states, "Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete."

Payment: All tax returns must be paid in full prior to them leaving our office. Unfortunately, due to the number of unpaid client accounts this past year we are no longer able to extend "credit" to our clients. Our standard hourly rate for 2015 tax preparation is \$90.00 per hour and we are happy to provide an estimate for your return before we begin. We accept cash, checks and credit cards. New clients, please bring in a \$250.00 retainer with your tax information. Upon completion of the return we will notify each client of their balance due or refund amount to/from Piwonka, CPA, Inc.

Respectfully, 2014 Clients who did not pay promptly will need to forward 120% of their 2014 invoice with their 2015 tax information.

Financially distressed clients – we will on a very limited basis offer payment arrangements. An installment plan can be arranged with a monthly charge to your credit card and a \$25.00 set up fee. If at any time your credit card payment is "rejected", finance charges will be assessed at 5% per month and after 90 days your account will be turned over to a collection agency and will no longer be under control of Piwonka, CPA, Inc.

Returned checks— A \$50 return check fee will be assessed and you will be required to pay cash or provide a credit card for payment. After 30 days a 5% finance charge will be added to your bill and after 90 days your account will be forwarded to a collection agency and will no longer be under the control of Piwonka, CPA, Inc. All collection fees are the responsibility of the client.

Notices – If at any time after your return is filed you receive a "Notice" please contact us immediately! Notices must be handled quickly to avoid additional penalties and interest. IRS notices are approximately 60% accurate and Illinois notices are accurate about 25% of the time. Likewise, if you get an unexpected refund check, do not cash it but bring it in so we can verify it is accurate first. Checks are occasionally sent by mistake and once cashed you become responsible for any applicable interest charges.

AFFORDABLE CARE ACT:

In 2010, when Congress passed the Affordable Care Act (commonly called Obamacare), the effects seemed far away to many of us. Now that 2015 is here, there will be several direct effects upon every American, with the

requirement that all Americans of all ages obtain qualified health insurance for the entire year. The requirement to obtain health insurance applies to you individually **as well as to anyone you claim as a dependent on your return.**

Several new forms will be issued to taxpayers this year, primarily Form 1095-A, B and/or C. ***In order to complete your 2015 return we must have all copies of Form 1095.*** These forms provide us with the necessary information to report your health insurance coverage, calculate any credit and calculate any penalty that may apply.

Because much of the reporting for 2015 will be voluntary (for companies with less than 50 employees) **you may not receive any Forms 1095.** We therefore need to obtain the information organized on the "Health Insurance Information Form" either attached to this e-mail or enclosed in the envelope.

If you are exempt we're required to have your Exemption Certificate Number. To obtain an exemption number you must apply through the Health Care Marketplace and obtain the certificate which can take a number of weeks to be approved and provided. It is important that if you have not already completed this application process that you complete it immediately so that your tax return is not delayed.

Of equal importance for 2015 are the increased possibilities of tax mistakes made primarily by your dependent children who may work in 2015. The simplest guidance we can provide you to avoid this mistake is: ***Do not allow any dependents/children to file their own return, particularly college students, and do not file them yourself.*** Although this guidance appears self-serving for us, let me assure you that this guidance is meant to protect parents from their children/dependents inadvertently costing them literally thousands of dollars in potential health care tax credits, as such we'll prepare (when necessary) Form 8962 to calculate the credit. For those who received an advanced payment of the Health Care credit (also known as a subsidy) by purchasing insurance through the Exchange, we need to warn you that if you received a greater credit/subsidy than allowed you will need repay the excess with this year's return.

We suggest that you to visit www.Healthcare.gov when you have a chance to see what might be available to you in the form of insurance and the associated premiums so that you have a clear idea of the facts without political or media based bias.

The other aspects of the Affordable Care Act that no one is talking about are the two new surtaxes. Many people incorrectly believe that only high income Americans pay these surtaxes, but because the tax is not adjusted for inflation, within a few years all Americans will pay the additional surtaxes. You need to take steps now to plan for this event and our advice is to utilize every fringe benefit your employer offers, maximize 401(k) deferrals and call us if you are expecting a big bonus, stock or asset sale or other major income change so that we can work with you to minimize the effects of these new taxes in future years.

Non-Married Parents: The IRS is experiencing a high number of cases in which non-authorized parents are claiming children on their tax returns. As such, the IRS has instructed all tax preparers **NOT** to list any children on the tax return without a signed **Form 8332** from the custodial parent. The custodial parent per the IRS

rules and regulations is defined as the parent with whom the child spends the most nights with during the 365 day calendar year. (Note: Using 365 means that one parent has to have >50% of the nights.) While the divorce decree/custodial agreement is a legal document it does not trump the rules & regulations of the IRS in regard to the tax return.

As usual we thank you for your business in the past, and look forward to working together for many years.