

Dec. 10, 2019

Dear Client,

It's that time of year again – time to start gathering documents for tax preparation season! If you'd like Wymer Brownlee to prepare your individual or entity tax return for 2019, please complete and return the enclosed engagement packet as soon as possible. The earlier we receive your signed engagement letter and tax documents, the faster we can turn around your return.

If you need a little help getting organized, tax organizers are available at no cost. Just email info@wymerbrownlee.com to request one. If you haven't done so already, please call us to create your account with our online portal, which offers a more secure way to share confidential information. A current email address is required to get started, and your portal will be password protected.

Please sign and return the following enclosed documents as soon as possible:

- ◆ **Engagement letter (required)**
- ◆ **Updated client data sheet (required)**
- ◆ Authorized parties form
- ◆ Consent for use form

Completed information may be mailed to our office, sent through the online portal, or you may schedule an appointment to review it with a tax advisor in person. Our office is open 8:30 a.m. to 5:30 p.m. Monday through Thursday beginning Jan. 20, but please call in advance so we can ensure a tax professional is available to meet with you. **During tax season, our offices are closed to the public on Fridays so our team can prepare returns with minimal interruptions.**

After your 2019 tax information is received, don't be alarmed if you don't hear from us again until your completed return is ready to review. We'll be busy working behind the scenes, but we'll only contact you if additional information or clarification is needed to prepare your return. Below are a few important reminders:

- ◆ All tax information is due to us by **March 9** in order to attempt to complete individual returns by the April 15 deadline.
- ◆ Entity returns will be completed as quickly as possible after receipt of your information, but some will require an extension to allow for completion with the individual return.
- ◆ In order to request an extension to file your 2019 return, we must obtain signed authorization from you first.

Although the 2019 tax year has seemed rather quiet, there are a few items outlined on the following pages that could affect your 2019 return. Most, if not all changes are related to the 2018 tax reform bill, which was the largest reform in almost three decades.

Dependent Credits

IRS Form 8867, Due Diligence Checklist, is required for the earned income credit, the child tax credit and the American Opportunity Credit. If a dependent is listed on your return, the IRS requires preparers to get documentation to substantiate the credits. Documentation for the earned income and child tax credits could include, but is not limited to, school records, medical records, or childcare provider records. Documentation for the American Opportunity Credit includes Form 1098-T and receipts for the qualified tuition and related expenses.

Affordable Care Act

The tax reform bill repealed the health insurance mandate after Jan. 1, 2019. However, if you purchased health insurance through the Marketplace for 2019, we'll need Form 1095-A.

Personal Exemptions

Personal exemptions, including exemptions available for qualified dependent children and relatives, have been repealed.

Charitable Contributions

Deductions of *any amount* must have a receipt. Individual contribution over \$250 must also have an acknowledgement letter from the charity, and the letter must be dated by the date we file your return. The letter should show the date and amount of any individual contribution over \$250 and should also state that no goods or services were received in return for the contribution. Remember, if you charge a charitable contribution to a credit card by 12/31/2019, we are able to deduct it in 2019.

Foreign Accounts

As you may have seen in the news, the IRS is looking for offshore accounts. If you have an account, retirement account, or business interest with a value over \$10,000 in a foreign country or a foreign business ownership (not through a mutual fund), please let us know as some special rules will apply to you. There are *substantial* penalties for failure to disclose these items!

Virtual Currency

Virtual currency has become a hot topic in 2019, and the IRS has announced guidance for taxpayers and preparers related to these digital transactions. One such compliance measure is a checkbox on your Form 1040. Please be sure to complete the related question on your enclosed engagement letter, so we can accurately understand your virtual currency activity.

Mortgage Interest

We must obtain Form 1098 from you when you pay mortgage interest. Additionally, we must obtain refinancing closing statements, and if you drew money out on a home mortgage or refinancing, we must have general information on the use of the money according to the IRS. Mortgage interest deductions changed with the tax reform bill. We may need to ask additional questions once we review your documents.

Rental Property

If you own rental property, the IRS now demands substantially more information. **FOR EACH PROPERTY SEPARATELY**, we will need the physical location, the type of property (single-family, duplex, etc.), any Forms 1099-K received, and a record, by property of the number of days rented and the number of days used for personal purposes.

Pass-Through Entities

Under the new law, pass-through entities – such as partnerships, S corporations, limited liability companies (LLCs), and sole proprietors (such as schedule C, E and F) – can claim a 20% deduction on earnings, subject to special rule restrictions. The deduction is not available to higher-income personal service providers.

Entertainment Deductions

The deduction for business-related entertainment has been repealed. Businesses can still generally deduct 50% of the cost of qualified meals.

Tax Planning

The simplest and most effective tax planning tool for Americans of all income levels is full participation in retirement plans. Make sure you maximize your 401(k) deferral if available, contribute to tax-deductible IRAs, and if you're over 70½, pay all charitable contributions through direct transfer from your IRA to the charity.

Tax season should always prompt a review of your complete financial situation. If you don't currently work with a Wymer Brownlee wealth advisor for holistic planning and budgeting, it'd be our pleasure to make an introduction and help you create a roadmap to achieve your financial goals.

Thank you for the trust and confidence you've placed in our team. Wishing you a joyful holiday season!

In Gratitude,

Your friends at Wymer Brownlee Wealth Strategies