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DEAR VALUED CLIENT:

2016 has arrived, and so has new tax law. It is time to collect information and prepare tax returns. We are hoping you will join us on the journey!

This year brings three new faces to the Silver Creek team. Tracy Frei is now spending her winters in Florida, still working remotely for Silver Creek. She spent the last three months prior to her departure training her very capable replacement, **Jennifer Tomasini**. **Karen Wurdinger** is joining Jennifer in the front office, greeting you at the front desk and processing tax returns.

Kristen Brockamp is our newest Licensed Tax Preparer. She will join the rest of our staff: Cissy, Melissa, Linda, and myself. We look forward to seeing and serving you!

We are enclosing either an update form or an organizer with this letter. These forms help us ensure the information on your tax return is correct. Please note the short list of items you will need to bring us if you have any of them. If you did not receive an organizer and would like to have one, please call us and we will get one to you right away.

You will also find an engagement letter enclosed. We are asking you to read and sign the letter and it in with you to your



Back Row: Kristen Brockamp, Karen Wurdinger, Linda Waters and Jennifer Tomasini. Middle Row: Melissa Wight and Cissy Shelton. Front Row: Cathy Johnson

TAX SEASON HOURS BEGIN MONDAY, FEBRUARY 1

Monday thru Friday, 8:00 am to 6:00 pm.

Saturday 10:00 am to 4:00 pm.

Closed daily from 12-1 pm for lunch

We encourage you to make an appointment by calling our front office staff at **(541) 569-2272**.

This ensures that one of our tax professionals will be available to meet with you, giving you the best possible service.

appointment. The purpose is to put our agreement into writing. Please let us know of any questions you may have.

If you have health insurance, please be on the lookout for one of these forms: 1095-A, 1095-B or 1095-C. These forms provide health insurance information to both you and the IRS. We will need these forms to accurately prepare your return. You will not be receiving one of these forms if you are covered by Medicare, Medicaid (like Oregon Health Plan and Healthy Kids), Health Care Sharing Ministries. If you have dependent children who file income tax returns, we will need copies of these returns if we do not prepare them for you. Their income could be part of the calculation we will need to do on your return.

We are looking forward to seeing each of you again this year, and appreciate you letting us serve your tax and accounting needs. We are only here because of you!!!!

⇒ Cathy & Crew

DRIVER'S LICENSE INFORMATION FOR TAXPAYER AND SPOUSE

The IRS and many states have now added the ability to include your driver's license number, the state of issue, the issue and expiration dates with the electronic return. This is going to give the IRS and participating states the ability to double check the driver's license information with other records to determine that it is not a criminal trying to file your tax return. It is voluntary, and we are encouraging you to provide that information to us either on your update form or the organizer, so we can take this extra step to protect your tax return.

SOME PROVISIONS OF THE PATH ACT OF 2015

On December 18, 2016, Congress passed, and President Obama signed into law the Protecting Americans From Tax Hikes (PATH) Act of 2015.

There are some very good things in this more than 2,000 page piece of legislation for taxpayers. Several important provisions we have already been enjoying have been made permanent:

- ⇒ The Section 179 Expensing Deduction of up to \$500,000 of qualifying purchases
- ⇒ State and Local Sales Tax Deduction
- ⇒ American Opportunity Tax Credit for qualifying college tuition
- ⇒ Child Tax Credit expansion for three children
- ⇒ Teacher's Classroom Expense Deduction
- ⇒ Extended levels for the Earned Income Credit
- ⇒ Charitable Distributions for IRAs for taxpayers ages 70.5 and over
- ⇒ 15 year straight line depreciation for qualified leasehold improvements for restaurants & retailers

These provisions have been extended through 12/31/2019:

- ⇒ The Work Opportunity Tax Credit
 - ⇒ Bonus Depreciation for new property
- These provisions have been extended for three years, through 12/31/2016:
- ⇒ Residential Energy Credit for windows, doors, insulation, qualifying furnaces and air conditioning systems

- ⇒ Residential Solar Property Energy Credit
 - ⇒ Credit for Energy-Efficient New Homes
- These provisions have been extended through 12/31/2015:

- ⇒ Qualified Tuition and Fees Deduction
- ⇒ Mortgage Debt Exclusion for cancellation of debt related to the purchase of a home
- ⇒ Mortgage Insurance Premium Deduction

REVIEW OF THE AFFORDABLE CARE ACTS:

Since January 1, 2014, all taxpayers are required to have qualifying health insurance coverage unless they meet an exception to these requirements. Taxpayers who did not have health insurance and do not meet an exception are required to pay a shared responsibility penalty.

The shared responsibility penalty for those who do not have insurance will be the greater of (1) \$325 per person (to a maximum of \$975 per tax family) or (2) 2% of the household income minus a filing threshold which varies by filing status and age. This is a SIGNIFICANT increase from 2014. The rates for 2015 grow even more.

These rules are COMPLICATED and VAST.

MILEAGE DEDUCTION INFORMATION

If you intend to claim the mileage deductions for business, medical or charitable expenses, please use the form included with this letter. The 2015 mileage rates are: business \$.575, charitable \$.14 and medical and moving \$.23. For 2016, the business rate decreases to \$.54 and the medical lowers to \$.19. The charitable rate remains the same.

As preparers, we continue to be required to verify that the taxpayer has written documentation for mileage expenses. These mileage logs are required. This is an audit focus with both the IRS and Oregon Dept of Revenue.

The mileage logs need to record (on a timely basis) the beginning and ending odometer readings for the year, as well as the number of business miles driven each day and the business purpose of these travels. We are happy to provide calendar books for your use. Just let us know if you would like one.

HSA CONTRIBUTION INFORMATION FOR 2015

If you have a qualifying high-deductible health insurance plan you may be able to make tax-deductible contributions to a Health Savings Account (HSA). The 2015 contribution limits are \$3,350 for self-only coverage or \$6,650 for family coverage. If you are 55 years or older at the end of the year, you can add \$1,000 to these amounts. For 2016, the contribution limits are \$3,350 self-only and \$6,750 for family coverage. Not every policy with a high deductible qualifies for an HSA so please check your policy before opening an account. Once an HSA has been opened, then medical expenses can be paid out of the account. This transforms the out-of-pocket medical expenses into a subtraction that can be claimed without itemizing deductions.

myRAs

myRAs are a new type of retirement savings accounts. Contributions can only be made through employers, and can be as small as \$25 per month. The funds are guaranteed and are invested through the US Treasury. Contributions are not tax-deductible and ROTH IRA rules apply.

OREGON KICKER REFUND

Unlike some years in the past when checks were simply mailed to taxpayers, the Oregon Kicker Refund will be part of the Oregon return this year. Basically, the kicker is 5.6% of the 2014 Oregon tax. A 2015 Oregon return MUST be filed in order to receive a Kicker Refund. An irrevocable election can be made to donate this refund to Oregon State School Fund.

REQUIRED TAX ADVICE DISCLOSURE

Not for penalty protection: You should be aware that this communication is not intended to be used, and it cannot be used, for the purpose of avoiding penalties under United States federal tax laws.

The information in this newsletter is general in nature and is not intended as legal, tax or investment advice. It should not be used in any actual transaction without the advice and guidance of a professional tax advisor who is familiar with all the relevant facts.

PRIVACY ACT NOTICE

Under the Gramm-Leach-Bliley Act of 1999, tax advisors and accountants (among others) are required to notify their individual customers of their privacy policies. We do not share nor disclose any information about any of our customer's nonpublic personal information to any non-affiliated third parties without prior consent. In other words, we do not sell any of your information to anyone. We collect only the information that is required to prepare a complete and accurate income tax return for our income tax clients, or a complete and accurate set of books for our accounting clients. We maintain appropriate physical, electronic, and procedural safeguards to protect the security and confidentiality of your nonpublic personal information. We educate our employees about the terms of this notice and the importance of customer privacy. We restrict access to nonpublic personal information about you to those employees who need to know that information to provide the service you have requested. **YOUR PRIVACY IS IMPORTANT TO US!**