

Tax Tips You Can Use



End of Year tax Reminders
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These reminders are still relevant in 2020.

If you itemize deductions, AND you pay estimated taxes to the State, we recommend you pay your January 15th estimated tax in December of 2016. You will get the benefit of the deduction for 2016. This logic also applies to paying other deductible expenses like medical bills, which are deducted in the year paid not the year incurred. And, if you are regularly make donations either in cash or in goods, think about making those donations in December, to get the tax benefit for this year. Don't forget that ALL charitable contributions need to be supported by a receipt, and if the donation is above \$250 in cash, then the organization needs to provide a letter with the amount and indicate whether any goods or services were provided in return for the donation.

For taxpayers who are at least 64 years of age at the end of 2016, you may qualify for the special Oregon medical subtraction. Please be aware that this is per individual, so medical expenses should be identified by taxpayer, not combined between spouses. The subtraction is limited to \$1800 per taxpayer and may be less depending on Gross Income limitations. I have repeatedly come across qualifying individuals who respond with "I really didn't spend anything". Often the client is thinking only about Dr's visits. Upon further discussion we may identify dental visits, Rx cost, Optometrist and eye glass costs, and even medical insurance premiums have been ignored. If you have questions about what qualifies, then give your tax person a call.

Form 1099's are more and more critical. If you have a business and pay a total of \$600 or more for services, or rents to an individual or business

(Corporation are excepted) then you are required to send out 1099's to report the payment. I know that this keeps resurfacing as a tax topic, however it continues to be a much ignored rule, and the taxpayer will find that not only can the deduction be disallowed if the forms are not filed, but that penalties for non filing may be imposed. These penalties may be up to \$250 per failure, or \$500 for intentional disregard. The due date for most 1099's is February 1st. Please note that 1099's need to be sent for ANY gross amount paid to an Attorney or ANY fishing boat proceeds paid out.

Partnerships. In tax years prior to the 2016 tax year, partnership returns were due on April 15th, the same due date as personal income tax returns. This was often a frustration to individuals as well as tax preparers who were waiting on K'1s in order to complete tax returns. Starting in the upcoming filing season for tax year 2016 Partnership returns will be due by March 15th. If you have a partnership, please make a note, since there is a hefty fine for late filing or not filing. The IRS may impose penalties of \$195.00 per month per partner for a maximum of 12 months worth of penalties. You can see how this can quickly become VERY substantial.

Once again I advise anyone who has questions to contact their tax professional. The above items are not meant to be a detailed review, but a year-end reminder which will hopefully help you avoid some potentially costly errors.

Thank Goodness those nasty elections are over. Have a very Happy Holiday Season