



Preparedness is the key  
to getting what's yours.

Start now for  
next tax season!

May is here and that means **tax season is finally over!** Believe it or not, it's *never* too early to start thinking about **next** year. If filing your taxes was a headache and a hassle this year, here are some tips to get you prepared for 2018.

### GET ORGANIZED

Did you waste a bunch of time looking for receipts this year? Create a system, whether it's a file cabinet or a shoebox labeled TAX STUFF, and keep track of those receipts and other financial documents you may need at the end of the year. Keep a tally of your charitable contributions and retirement contributions and you'll be ready to go as soon as you get that W-2 in the mail.

### LOOK FOR CHANGES

What's happened to you this already this year, and what will be happening in the next few months? Are you getting married? Having a kid? Buying a house? Opening up a ROTH IRA? All of these things will affect your filing status, so make sure you're up to speed on how any of things will affect your filing process. Maximize retirement plan contributions

If your employer offers a 401(k) or other type of deferred pension plan, make every effort to contribute the maximum amount allowable -- especially if your employer matches your contribution. Otherwise, you are leaving money on the table that could benefit you in your retirement. Think of the employer match as an immediate 100 percent return on your money. Even if there is no match, all of the funds are tax-deferred and grow tax-free.

If your employer does not offer a retirement plan, then consider contributing to a traditional individual retirement account or a Roth IRA. The former potentially offers a tax deduction for the year the contribution is made, but both offer tax-deferred gains.

### ADJUST YOUR WITHHOLDING

Check your year-to-date withholding and consider changing the taxes withheld if you are expecting a large refund. IRS Commissioner John Koskinen said in a statement: "It's a personal choice if you want to have extra money withheld to get a bigger tax refund, but you have options available if you prefer to have a smaller refund next year and more take-home money now." You will need to complete Form W-4, Employee's Withholding Allowance Certificate, to adjust the amount of taxes withheld and submit it to your employer.

### PROTECT YOUR IDENTITY

If you received an Identity Protection PIN, or IP PIN, in the past, then you must provide this number on your tax return on all future tax returns. An IP PIN is a six-digit number assigned to eligible taxpayers that helps prevent fraudulent returns from being filed under your Social Security number. Remember, the IP PIN is your friend in getting the IRS to accept your tax return. However, this is no ordinary IP PIN, as it changes every year. You read that correctly: every year! If you do not receive the notification in the mail, you will need to go to the IRS website to retrieve it.

### GET WHAT'S YOURS

According to the IRS, one out of every five workers fails to claim the very valuable earned income tax credit. If you earn less than \$53,930 in 2017, then use the EITC Assistant tool to determine if you qualify for the credit. You must file a return in order to receive the credit. Don't miss out on this!

### DECLUTTER AND REAP A TAX BREAK

If one of your resolutions was to simplify and declutter your life, it's time to get going. You can make money by donating all of those things you no longer need or want in your life. Many charitable organizations accept items other than cash such as clothing, books, electronics and other household items. The deduction is limited to the item's fair market value, and the items must be in good condition or better to be deductible. If the value of the noncash items is more than \$500, then you must file Form 8283, Noncash Charitable Contributions, and fill it in with some details. But it is well worth the effort.

### CASH IN ON SCHOLARLY TAX BREAKS

If you, your spouse or dependents have higher education costs in 2017, there may be some tax savings for you. In fact there are multiple benefits available. The only difficult part is figuring out which one works best in your situation.

Basically, there are three different benefits: the American opportunity credit, the lifetime learning credit and the tuition and fees deduction. There are various requirements that may limit the benefit, but the IRS offers a useful tool: the Interactive Tax Assistant tool to help you find your way through the maze. You should receive Form 1098-T, Tuition Statement, from your school with the information required by the IRS to complete Form 8863, Education Credits.

### KNOW THE RULES ABOUT FOREIGN ACCOUNTS

Have a foreign bank account? Was the balance in the account(s) greater than \$10,000 total? If the answer is yes to both, then you need to file what's commonly referred to as an "FBAR," a foreign bank account reporting form. The new name is FinCEN Report 114, FinCEN being an acronym for Financial Crimes Enforcement Network. As the name has the word "crime" in it, that should light a fire under your seat to make sure you're in compliance as the penalties are very high for failing to report. The requirements don't stop there. If you maintain very high balances in your foreign accounts, you'll have to file IRS Form 8938, Statement of Specified Foreign Financial Assets.

Also, if you meet certain thresholds of ownership in any foreign corporations or partnerships, or if you are the beneficiary of a foreign trust, you should be aware of the complex reporting requirements in those instances. Just a few of the pertinent forms are: Form 5471, Information Return of U.S. Persons With Respect to Certain Foreign Corporations; Form 3520, Annual Return to Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts, Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. All are available at the IRS website.

### BE GENEROUS WITHOUT TAX REPERCUSSIONS

Every so many years, the IRS changes the annual exclusion for gifts that you can give without having to file a gift tax return. If you gave more than \$14,000 in cash, property or gifts to anyone, you must report the gift on Form 709. If you are married, you can give a combined \$28,000 and remain under the radar. Note that this applies to the person giving the gift; if you are receiving a gift, congratulations -- you don't have to do anything. That is, unless you receive a gift from a non-U.S. person. If you happen to receive such a gift that is greater than \$100,000, you will have to report this on the IRS Form 3520. Note: These are 2016 figures -- be sure to ask your tax preparer about possible changes in 2017.