TAX NEWS YOU NEED TO KNOW

Luers + Dyer
CERTIFIED PUBLIC ACCOUNTANTS

[home] [about us] [contact]

San Diego Office:
(619) 283-7113
Julian Office:
(760) 765-0343

Rebecca Luers
CPA

Jan Dyer
CPA

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Dear Clients and Friends:

We can't help but hide our excitement that the initial 2017 filing season is almost over. The deadline for many returns is just days away on April 17! Individual and C Corporation returns not filed by April 17 can be extended. Any tax due should be paid with your extension to avoid penalties.

We're here to help you achieve your financial goals throughout the year, not just at tax time. An important part of your tax preparation and planning this year is identifying how changes in the tax law will affect your 2018 tax liability. If you need clarification on how the changes affect you, or need help developing the best tax strategy for your unique situation, please let us know.

If you have additional questions about the information in this newsletter, **contact us.** We appreciate you forwarding this newsletter to associates and friends who would benefit from the monthly news we provide and are looking for tax preparation and planning resources from a CPA firm.

Regards,
Rebecca Luers, CPA and Jan Dyer, CPA

Tax Filing Reminders

April 17:

- Individual income tax returns for 2017 are due
- 2017 calendar-year C corporation income tax returns are due
- 2017 annual gift tax returns are due
- Deadline for making 2017 IRA contributions
- First installment of 2018 individual estimated tax is due.

When an extension makes sense

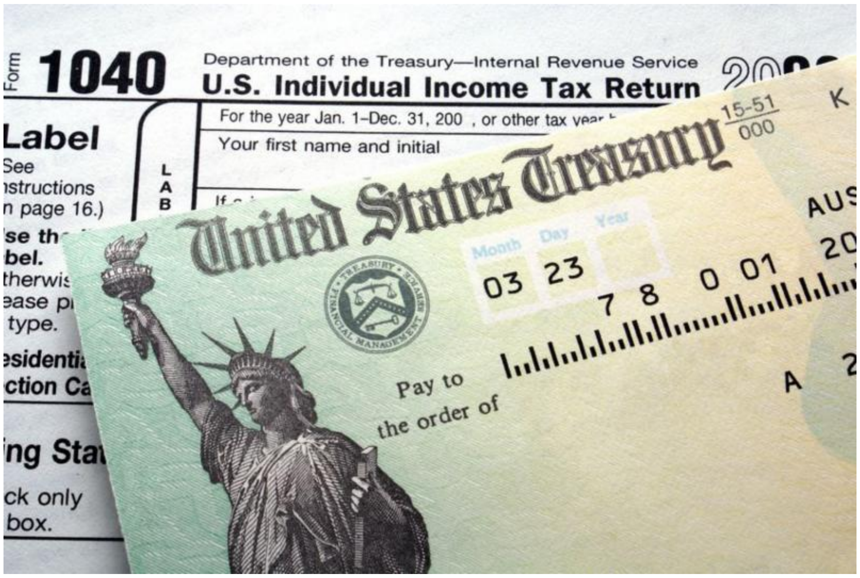
While most people should file a tax return by April 17, you have the option of delaying your filing date until Oct. 15 with a tax extension.

When to file an extension:

- **Missing or incorrect information.** If one of the forms you need to file your return has an error on it, it is often better to receive a corrected form before filing.
- **Re-characterizing Roth IRA rollover amounts.** If you've rolled funds from a traditional IRA into a Roth IRA, you may want to reverse it later if the investments lose value. This so-called recharacterization process can be done up to the extended tax-filing date of Oct. 15, and in many cases it makes sense to wait until then. Note that 2017 is the last tax year you can use the recharacterization process, which was eliminated for future years by the Tax Cuts and Jobs Act.
- **For self-employed retirement donations.** The self-employed can use an

extension to buy time to fund an SEP IRA. This extended time frame does not apply to traditional IRAs and Roth IRAs.
- **Avoid late filing penalty.** If you fail to file a tax return, two tax penalties come into play: a late filing penalty and a late payment penalty. By filing an extension, you can push out the potential late-filing penalty for another six months even if you cannot yet pay the tax.

Contact us for more information.



Great uses for your tax refund

Most Americans get a refund every year, with the average check weighing in at $2,895 last year. Even though it's really money that they earned, many people are tempted to treat it like a windfall and splurge. If you can resist that temptation, here are some of the best ways to put your refund to good use:

- **Pay off debt.** If you have debt, part of your refund could be used to reduce or eliminate it. Paying off high-interest credit card or auto loan debt means freeing up the money you had been paying in interest for other uses. And making extra payments on your mortgage can put more money in your pocket over the long haul.
- **Save for retirement.** Saving for retirement allows the power of compound interest to work for you. Consider depositing some of your refund check into a traditional or Roth IRA. You can contribute a total of $5,500 every year, plus an extra $1,000 if you are at least 50 years old.
- **Save for a home.** Home ownership can be a source of wealth and stability for many people. If you dream of owning a home, consider adding your refund to a down payment fund.
- **Invest in yourself.** Sometimes the best investment isn't financial, it's personal. A course of study or conference that improves your skills or knowledge could be the best use of your money.

- **Give to charity.** Giving your refund to a charity helps others and gives you a deduction for your next tax return.
- **Don't give to scammers!** Scammers are using a new tactic to separate people from their tax refunds. First, they file fraudulent refunds on behalf of their victims. Then, after a refund check arrives at the taxpayer's address, they impersonate an IRS agent over the phone and demand to be sent the refund because it was sent in error. Remember, real IRS agents will never call over the phone and demand immediate payment for any reason.

If you use some of your refund for one of the ideas here, you can also feel good about setting a little aside for yourself to have some fun!

Contact us for more information.

Stay prepared to sell your business

If you enjoy running your own business, selling it may be the furthest thing from your mind. But the reality is that eventually an opportunity to sell will come, whether due to your own life changes or a perfect buyer walking in the door. Planning, often years in advance of the sale date, is necessary to get the most value for the love, sweat and tears you've invested. Here are some tips to stay prepared:

Assemble a great team. Selling a business is a complex process, especially as you grow larger. You're likely to need three kinds of professionals to help: an accountant, to help review and produce clean and easy-to-understand financial statements; a lawyer, to create the necessary legal documents and help you negotiate terms; and a trusted business broker, to evaluate the worth of your business and find buyers.

- **Develop your exit strategy.** With the help of your advisory team, create a clear picture of what selling your business might look like. Outline the risks and

opportunities that could affect the valuation of your business. Planning out an ideal scenario as well as a plan B will help you avoid getting backed into a corner and selling at a discount.
- **Clean up your financials.** As you get closer to selling, go over your business financial statements as well as your tax returns from the last three years. A broker will like to present a clear and compelling financial picture to a client, and that will include a year-to-date financial report.
- **Have a plan to improve sales.** The worst time to sell is when sales are declining, even if it's just a temporary or seasonal dip. Part of your planning should include some tactics to boost your sales and cash flow, such as increasing marketing and promotion, liquidating bloated inventories or collecting on accounts receivables.
- **Be prepared to evaluate buyers.** Be prepared to take a calm approach to any offers you get. You don't want to jump at the first offer, and many offers that seem too good to be true often are. Lack of solid financing is often an issue, so work with your business broker to find buyers who have been prequalified by a lender.
- **Have your after-sale plan down.** Often a buyer will want to include a clause that the previous owner stay on awhile as an advisor. Make sure that the advisory period lined out in the contract isn't longer than is comfortable for you. Finally, work with your accountant on a tax-efficient plan for the proceeds of your sale.

Contact us for more information.

Last call for these 5 tax deductions

The historic Tax Cuts and Jobs Act (TCJA) provides tax breaks to individuals, but also repeals or reduces certain cherished deductions. As a result, the 2017 return you file this year may be your last chance to claim these five write-offs:

1. **Mortgage interest:** Currently, you can deduct mortgage interest paid on a qualified residence for acquisition debt of up to $1 million and home equity debt of up to

$100,000. The new law reduces the acquisition debt level to $750,000 on new loans and eliminates the deduction for home equity debt after 2017, except if the home equity loan is used to buy, build or substantially improve the taxpayer's home that secures the loan.

2. **Miscellaneous expenses:** On your 2017 return, you can deduct miscellaneous expenses above 2 percent of your adjusted gross income (AGI). This includes unreimbursed employee business expenses and income-production expenses like investment and tax advisory fees. The TCJA eliminates all itemized miscellaneous deductions for 2018 and subsequent years.

3. **State and local taxes:** You can still deduct the full amount of your property taxes on your 2017 return, in addition to either your sales taxes or state and local income taxes. The new TCJA law effective in 2018 limits the annual deduction for state and local taxes (SALT) to $10,000.

4. **Casualty and theft losses:** For 2017 returns, you may deduct unreimbursed casualty and theft losses above 10 percent of your AGI, after subtracting $100 per event. The TCJA repeals this deduction, except for losses in federally declared disaster areas, beginning in 2018.

5. **Moving expenses:** If you moved in 2017 for job-related reasons, you may be able to deduct your moving expenses (special rules apply). However, this deduction is repealed by the new law beginning in 2018, except for expenses of active duty military personnel.

Other tax deductions have been modified or repealed. **Schedule an appointment** with us to learn how the TCJA affects your situation.

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Luers & Dyer, CPAs, LLP, P.O. Box 1934, Julian, CA 92036