

Your monthly tax news & updates

Dear Clients and Friends:

The trees are changing color and the air is getting cooler. Autumn's in full swing, meaning it's time to start preparing for the busy months ahead.

We can help you plan a strategy for optimizing your 2019 taxes and establishing a plan for 2020.

We are here to help!

Regards,
Rebecca Luers, CPA and Jan Dyer, CPA

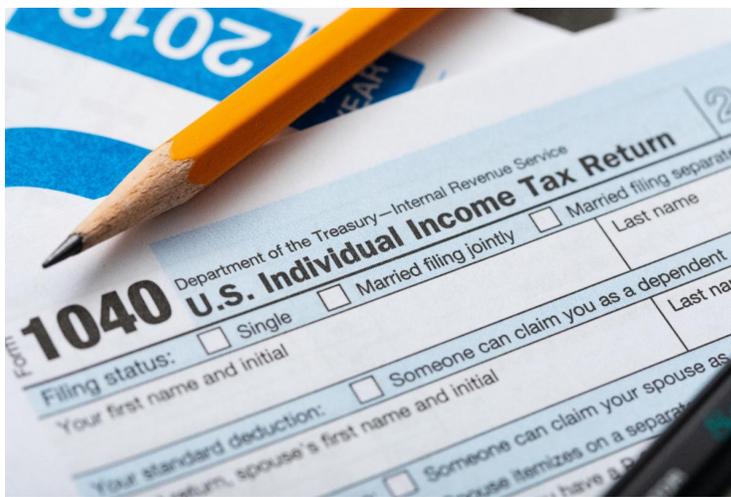


If you any questions about the information in this newsletter, [contact us](#). We appreciate you forwarding this newsletter to associates and friends who would benefit from the monthly news we provide and are looking for tax preparation and planning resources from a CPA firm.

Tax Filing Reminders:

October 15

- Extended individual and C-corp tax return filing deadline
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Another Year, Another New 1040

In 2018, the government attempted to “simplify” the tax-filing process by drastically shortening Form 1040. The result was six new schedules that created a lot of confusion. Now the IRS is attempting to ease some of that pain by revising the form and removing some schedules. Will it help? Here is what you need to know:

- **More information on the main form.** To make it easier for the IRS to match pertinent information across related tax returns, new fields have been added on the main Form 1040. For example, there’s now a spot for your spouse’s name if you choose the married filing separate status. In addition, there’s a separate line for IRA distributions to more clearly differentiate retirement income.
- **3 schedules are gone.** What was your favorite memory of Schedules 4, 5 and 6? Was it the unreported Social Security tax on Schedule 4? Or the credit for federal fuels on Schedule 5? While those schedules will no longer exist, those lines (and many others) have found a new home on one of the first three schedules. Less paperwork, but still the same amount of information.
- **You can keep your pennies!** For the first time, the IRS is eliminating the decimal spaces for all fields. While reporting round numbers has been common practice, it’s now required.
- **Additional changes on the way.** The current versions of Form 1040 and Schedules 1, 2 and 3 are in draft form and awaiting comments on the changes. Because of the importance of the 1040, the IRS is expecting to make at least a few updates in the coming weeks (or months) before they consider it final. Stay tuned for more developments.

How to prepare for the changes

The best way to prepare is to be aware that 1040 changes are coming. The information required to file your taxes will remain the same, but some additional hunting will be necessary to find the shifting lines and fields on the modified form.

Remember, changes bring uncertainty and potential for delays, so getting your tax documents organized as early as possible will be key for a timely tax-filing process.

[Contact us](#) for help preparing for these changes.



Bill collector calling? Know your rights

Maybe you're behind on paying your bills because of circumstances outside of your control. Or perhaps there's been an error in billing. Either way, these scenarios may lead to a run-in with a debt collector. Fortunately, there are strict rules in place that forbid any kind of collector harassment in the U.S. If you know your rights, you can deal with debt collection with minimal hassle. Here's what to remember:

- **You have a right to details — without harassment.** When a debt collector calls, they must be transparent about who they are. They need to tell you: *"This is an attempt to collect a debt, and any information obtained will be used for that purpose."* In addition, debt collectors cannot use abusive language, or threaten you with fines or jail time. The most a debt collector can truthfully threaten you with is that failure to pay will harm your credit rating, or that they may sue you in a civil court to extract payment.
- **You don't have to put up with 24/7 calls.** Debt collectors may not contact you outside of "normal" hours, which are between 8 a.m. and 9 p.m. local time. They may try to call you at work, but they must stop if you tell them that you cannot receive calls there. Keep in mind that debt collectors may not talk to anyone else about your debt (other than your attorney, if you have one). They may try contacting other people, such as relatives, neighbors or employers, but it must be solely for the purpose of trying to find out your phone number, address or where you work.
- **You can tell them to stop.** Whether you dispute the debt or not, at any time you can send a "cease letter" to the collection agency telling them to stop making contact. You don't need to provide a specific reason. They

will have to stop contact after this point, though they may still decide to pursue legal options in civil court.

- **You can dispute collection.** If you believe the debt is in error in whole or in part, you can send a dispute letter to the collection agency within 30 days of first contact. Ask the collector for their mailing address and let them know you are filing a dispute. They will have to cease all collection activities until they send you legal documentation verifying the debt.

If a debt collection agency is not following these rules, report them. Start with your state's attorney general office, and consider filing a complaint with the U.S. Federal Trade Commission and the Consumer Financial Protection Bureau, as well.

[Contact us](#) if you have questions about dealing with debt collectors.



Reminder: Time to Start the Financial Aid Process

If you have a child in college or entering college during the next school year, you need to read this. You can now fill out your required Free Application for Financial Student Aid (FAFSA) for the next school year.

FAFSA application timeframe

The Free Application for Federal Student Aid (FAFSA) process opened on Oct. 1st.

The time to file is now

The earlier you file your application, the earlier you will receive aid packages from most participating schools. The application is used to receive grants, federal loans and work study awards. Here are some hints to ensure the application process works in your favor:

- **Create your FSA ID.** If you have not already done so, both the student and a parent will need to set up a Federal Student Aid (FSA) ID

(username and password) within the FAFSA system. You cannot submit the FAFSA form without first doing this.

- **File the FAFSA early!** As soon as possible, fill out and submit your FAFSA. Filing early maximizes your chances of receiving aid. It also minimizes your chances of missing an unknown application deadline.
- **Use your tax records.** Because the year is not yet over, you can use last year's (2018) tax information when filling out the application. There are IRS tax return data retrieval tools within the online application to automate this process.
- **Talk to your advisors.** If you have a child ready to attend college, stay in touch with both your financial advisor and your school advisor. A financial advisor is used to help manage your assets to present a good financial picture starts before your student's junior year in high school. The school advisor is a great resource to help you find potential sources of money.
- **Collect the right info.** To fill out a FAFSA you will need the following:
 - Social Security number
 - Alien registration number (if not a U.S. citizen)
 - Federal tax information
 - Record of any nontaxable income (excluding retirement account balances)
 - Balances of the following:
 - Cash, savings and checking accounts
 - Investment asset balances
 - Other assets
 - FSA ID

Filling out the form can be a daunting task for the uninitiated, but with proper preparation you can get your form done in quick order.

[Contact us](#) for help in navigating the FAFSA application.



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