

HONECK ·  
O'TOOLE

...where people count

# revenue

Ideas to help small businesses and individuals  
maximize income while minimizing taxes.

1st Quarter 2017

## POST-ELECTION PREDICTIONS: PLAN ON BIG CHANGES

During President Trump's campaign, he promised to make sweeping tax law changes as quickly as possible. And, based on what we've seen since his inauguration, you can expect to see dramatic tax reform and other changes that affect your finances. You'll want to fasten your seatbelt. It's going to be a bumpy ride.

For instance, he proposes to make these changes to the individual tax code:

- Reduce today's six income brackets to three. For married-joint filers, these brackets would be as follows (and half for single filers):
  - 12% for less than \$75,000
  - 25% for more than \$75,000 but less than \$225,000; and
  - 33% for more than \$225,000
- Repeal the Affordable Care Act
- Repeal the Alternative Minimum Tax (AMT)
- Increase the standard deduction: To \$30,000 for joint filers, and \$15,000 for single filers
- Eliminate personal exemptions
- Eliminate head-of-household filing status
- Cap itemized deductions at \$200,000 for married-joint filers and \$100,000 for single filers

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## Got Your 2016 Tax Year Organizer?

In mid-January, we mailed out our annual Tax Organizer questionnaire, which you can use to gather the items we need to prepare your income tax return. If you didn't receive your Organizer yet, or if you prefer to receive the E-Organizer (Non-Mac users only), please call or email us right away: **207-774-0882** or **info@honeckotoole.com**.

This year, our Organizer includes an **Engagement Letter** to confirm that we have your official permission to prepare your taxes. This is standard for accounting firms. Please sign and return this with your Organizer. **Thank you!**

## HAPPY TAX SEASON! Yes, there are 3 extra "tax days" in 2017... but please be early anyway!

Taxes are usually due on April 15... but this year it falls on a Saturday, and the following Monday is Emancipation Day in the District of Columbia. Therefore, Tuesday, April 18 is Income Tax Day this year. We'll be super-busy as always, so please send us your Tax Organizer and supporting documents as soon as possible! Thank you.

### Individual Returns:

- **We need ALL your information by March 17** so we can file your return by April 18.
- Send missing items (for the returns received by March 17) before April 11 at the latest.
- If you're unable to meet these deadlines, we can file an extension for you until October 15, 2017. Remember though, while you'll have more time to file, you'll need to send any IRS and state tax balances due **on or before April 18**. We can help you estimate the amounts.

### Business Returns:

- We need your business entity information by **February 15, 2017** to file your return on time.
- Or, we can extend until September 15, 2017. Sooner is always better!

### IMPORTANT!

We're required to file all returns electronically. When we send your return to you, please sign and return the included authorization Form(s) 8879 **no later than 5:00 PM on Friday, April 14, 2017 — so we can eFile your return before Tuesday, April 18**. Every return has its own eFile form(s) every year, and they can only be signed once the returns are complete. Some states (not Maine) even have separate eFile forms which must also be signed and returned to us. **Read your cover letter to see what you must do!** Email the signed form(s) (PDF or photo) to **info@honeckotoole.com** or fax it to **207-773-2047**. Please don't wait until April 18 to return the authorization form(s).

Form

**8867**

Department of the Treasury

Internal Revenue Service

Earned Income Credit

► To be completed by

► Information about

Taxpayer name(s) shown on return

Enter preparer's name and PTIN

Due Diligence Requirements

Please complete the appropriate column (check all that apply)

1 Did you complete the return based on information provided by the taxpayer or reasonably reliable sources?

2 Did you complete the applicable EIC worksheet found in the Form 8863 instructions, and all credit claimed?

3 Did you satisfy the knowledge requirement by:

a Interview the taxpayer, ask adequate responses to determine that the taxpayer's information is reliable?

b Review adequate information to determine the credit(s) and in what amount?

4 Did any information provided by the taxpayer in connection with preparing the return appear incomplete, or inconsistent? (If "Yes," refer to question 5.)

For tax year 2016, the IRS is asking professional tax preparers to provide more information — additional “due diligence” — for specific tax credits their clients may be reporting. That’s because the IRS is working harder to clamp down on fraudulent tax returns.

If you have qualified for the Earned Income Credit (EIC) in the past, you may be familiar with IRS Form 8867, the “Paid Tax Preparer’s Due Diligence Checklist.” But now, this form has two new columns for the Child Tax Credit (CTC) and the American Opportunity Tax Credit (AOTC) – the education credit. These three categories were identified by the IRS as sources of fraud, so now we’re required to provide details on how you qualify... if you’re claiming these credits.

This means we may need to do a bit more work on your behalf, and we may ask you for additional information to make sure you can take these credits. In particular, we’re required to check off questions such as, “Did the taxpayer provide substantiation such as Form 1098-T and receipts for qualified tuition and related expenses for the claimed AOTC?” The form prompts us to: “Interview the taxpayer, ask adequate questions, document the taxpayer’s responses on the return or in your notes, review adequate information to determine if a taxpayer is eligible to claim the credits and in what amount(s).”


Just letting you know, so you’re not surprised if we call you with additional questions. 

## OPPORTUNITY MAINE



Opportunity Maine provides a tax credit/student loan reimbursement for qualifying college graduates who live and work in Maine. We wanted to let you know that the qualification rules and restrictions have been broadened to benefit more Maine job-seekers and employers. The state has realized that many of Maine's seasonal visitors may be interested in staying to live and work, especially if there are economic incentives and benefits to do so.

Its website offers a wealth of information on finding jobs in Maine and qualifying for student loan reimbursements. It's also filled with helpful information if you're an employer looking to participate in Opportunity Maine programs and post jobs.

Start with [www.LiveAndWorkInMaine.com/Opportunity-Maine](http://www.LiveAndWorkInMaine.com/Opportunity-Maine) and scroll down to the 2016 section of its "How You Qualify" chart to see the latest guidelines. For instance, now you may qualify for student-loan reimbursement if you're "Working in Maine during the tax year, regardless of where your employer is located (includes self-employment)." 

## MEET OUR SEASONAL TEAM

To manage our busy tax season each year, we're grateful to welcome a talented group of seasonal professionals to help us process, complete and file more than 1,600 individual tax returns in a very short time.

We're fortunate to have two of our "long-time regulars" returning this year: *Jerry Yurko* and *Julie Bennett*. In addition, we're delighted

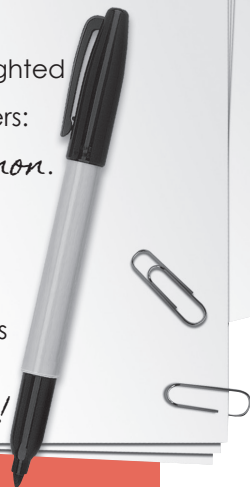
to introduce you to two new team members:

*Judy Swicker* and *Jim Concannon*.

They've both been preparing 1040s at Spinnaker Trust here in Portland for several years, and now they're with us!

One or more of our seasonal staff members may be contacting you with questions about your tax return if needed.

*Thanks!*



## IMPORTANT:

### IF YOU USE QUICKBOOKS...

We're finding that QuickBooks — and QuickBooks Online — are increasingly popular with our business clients. One reason is because our QuickBooks experts can work with your file as is, minimizing extra tax-prep work for you.

#### Here's how to get us your 2016 tax information.

- If you use QuickBooks on a desktop, simply send us an Accountant's Copy with your password. Be sure to email it to John Lydon: [jlydon@honeckotoole.com](mailto:jlydon@honeckotoole.com).
- Mac QuickBooks users cannot send an Accountant's Copy. Please send a backup copy with password to John Lydon: [jlydon@honeckotoole.com](mailto:jlydon@honeckotoole.com).
- If you use QuickBooks Online, we have a new email account for you to use. Please send an "Accountant Invite" to [QBOnline@honeckotoole.com](mailto:QBOnline@honeckotoole.com).

Questions? Call John Lydon at 207-774-0882. 



# QuickBooks®

## NEW MILEAGE RATES FOR 2017

Beginning on January 1, 2017, the IRS standard mileage rates are as follows:

- 53.5 cents per mile for business miles driven, down from 54 cents for 2016
- 17 cents per mile driven for medical or moving purposes, down from 19 cents for 2016
- 14 cents per mile for charity, the same as in 2016

### DISCLAIMER

Any accounting, business, or tax advice contained in this communication is not intended as a thorough, in-depth analysis of specific issues, nor a substitute for a formal opinion, nor is it sufficient to avoid tax-related penalties. If desired, Honeck O'Toole would be pleased to perform the requisite research and provide you with a detailed written analysis. Such an engagement may be the subject of a separate engagement letter that would define the scope and limits of the desired consultation services.

## CLIENT PROFILE

### SALLY STRUEVER AND PETER EIERMANN

#### 24 Preble Street LLC

It's a familiar story. You move to Maine for its quality of life, you fall in love with it, and you decide to invest in its future. That's exactly what happened to Sally Struever and Peter Eiermann, who moved to Portland 11 years ago from Providence, Rhode Island. In 2016, they purchased the Potter's Building at 24 Preble Street with the vision of restoring it as a vibrant business space. The historic four-story brick building is in an excellent downtown location just a block from Monument Square.

Sally's a graphic designer who worked for the Portland Museum of Art until a year ago. Peter's background is in nonprofit and business administration with an arts focus, and he works for the Portland Symphony Orchestra. Sally told us, "We were really excited about investing in Portland long-term... and when this came on the market, it seemed like a good fit for us. We are updating the office spaces with modern amenities without making it super fancy or expensive. And on the first floor, we have a great community bar called Arcadia National Bar. Now we're looking to lease the offices."

Each floor has about 4,000 s.f. of office space, and may be subdivided. To inquire about leasing, contact [portcitypeter@gmail.com](mailto:portcitypeter@gmail.com) or [portcitysally@gmail.com](mailto:portcitysally@gmail.com), or call **207-253-9943**.



## WE'RE HIRING!

We're looking for a CPA (or close to it) to join our team. Ideally the candidate will have 3-5 or more years of experience in public accounting and an interest in tax and financial planning. Perhaps you're a senior-level CPA or just an extraordinary professional (or your know one) looking for a friendly new work environment. Let's talk if you're curious, committed and creative — and you'd enjoy solving problems for our clients.

**Contact us to learn more:**

**207-774-0882 • [info@honeckotoole.com](mailto:info@honeckotoole.com)**



Thanks in a huge part to your referrals, we've enjoyed healthy, steady growth over the years. And, we're always open to helping new clients with all their financial needs.

Do you know anyone who's ready for professional accounting and/or tax assistance? Just have them call our office at 207-774-0882 — the sooner, the better before our tax-return season kicks into high gear.

**THANK YOU in advance! Your Honeck O'Toole Team**

**Get us your tax information by MARCH 17 to meet our April 18, 2016 filing deadline!**  
**Questions?** During tax season, we're incredibly busy, so it may take a little longer for us to get back to you. We appreciate your patience! Thank you.



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