

2015 YEAR END TAX INFORMATION

Identity Theft

Identity theft is one of the fastest growing crimes nationwide, and refund fraud caused by identity theft is one of the biggest challenges facing the IRS. Taxpayers should be alert to possible identity theft if 1) they receive an IRS notice saying more than one tax return was filed for them, 2) they have a balance due, refund offset or collection actions taken against them for a year they did not file a tax return, or 3) IRS records indicate they received wages from an employer they do not know. Don't give personal information over the phone, through the mail or the Internet unless you have either initiated the contact or are sure you know who is asking. **The IRS does not initiate contact with taxpayers by email to request personal or financial information. This includes any type of electronic communication, such as text messages and social media channels.**

Affordable Care Act

All Americans will be affected in some manner by the Affordable Care Act from 2010 (some people call it Obamacare). Five new tax forms were released by the IRS as a result of this act for 2014. **If you received a Form 1095 from any issuer or agency we MUST have all copies to prepare your tax return.** If you did not receive a 1095 we must ask you a number of additional questions about insurance coverage so that we can help you avoid any penalties for failure to have health insurance. **Please complete the Health Insurance Requirement Form.**

Charity

IRS regulations state that ALL deductions of any amount must have a receipt. Any individual contribution over \$250 must also have an acknowledgement letter from the charity, and the letter must be dated by the date we file your return. The letter should show the date and amount of any individual contribution over \$250, and should also state that no goods or services were received in return for the contribution.

Mortgage Interest

We must obtain Form 1098 from you when you pay mortgage interest. Additionally we must obtain refinancing closing statements, and if you drew money out on a home mortgage or refinancing we must have general information on the use of the money according to the IRS.

Business/Rental Property

The IRS has announced an increase in the de minimis safe harbor limit for the treatment of costs to acquire, produce or improve tangible property. This amount helps to determine whether taxpayers can deduct costs as repairs and maintenance or must capitalize the costs and depreciate or amortize them over a period of years. The threshold rises from \$500 to \$2,500 for costs incurred during tax years beginning on or after January 1, 2016. These amounts apply per invoice (or per item as substantiated by invoice).

Teachers' Classroom Expense Deduction

The above-the-line deduction for elementary and secondary school teachers' classroom expenses has become permanent. The \$250 deduction will also start to be indexed for inflation beginning with tax year 2016. This deduction now also applies for Wisconsin.

Key Figures

	<u>2015</u>	<u>2016</u>
Annual Gift Exclusion	\$ 14,000	\$14,000
Mileage Rates		
Business	\$.575	\$.54
Medical/Moving	\$.23	\$.19
Charitable	\$.14	\$.14
HSA Contribution Limits		
Self-only Coverage	\$ 3,350	\$ 3,350
Family Coverage	\$ 6,650	\$ 6,750
Additional - age 55 or older	\$ 1,000	\$ 1,000
IRA Contribution Limits		
Under age 50 at year end	\$ 5,500	\$ 5,500
Age 50 or older at year end	\$ 6,500	\$ 6,500
WI 529 Contribution Deduction (per beneficiary)	\$ 3,100	\$ 3,100