



NELSON CPAs

Tax Season Newsletter

January 2018

WELCOME TO NELSON CPAs, LLC

Welcome to the first annual Nelson CPAs' newsletter! As you'll see on page 2, we're the same team with a few new faces. Although we have a new name, we're committed to continuing Jodee's 28 year tradition of personal attention and real-world advice. We hope you'll stop by the office and meet the team members you don't know and say hello to Jodee, Lynne and those of us who have been around awhile.

WE'RE HERE FOR YOU!

Beginning Monday, January 29 our hours are:

Monday through Friday, 8:00 a.m. to 6:00 p.m.

Saturday, 9:00 a.m. to 2:00 p.m.

Our office will be closed on April 18, 2018.

After April 18 we return to our normal business hours, Monday—Friday, 9:00 a.m. to 4:00 p.m.

DATES TO REMEMBER

Individual income tax returns are due this year on April 17, 2018.

To ensure that your tax return will be filed on time, we **MUST** have *most* of your documents, Organizer (with mandatory questions answered), and signed Engagement letter by Wednesday, **March 12, 2018.**

Documents that haven't yet arrived by March 12th can be delivered to our office as soon as you receive them. Clients delivering data after March 12, 2018 are not guaranteed to have a completed return by April 17.

PORTALS

Look for an email notification with instructions on how to register for your Nelson CPAs, LLC portal.

TO ENSURE A SMOOTH PROCESS FOR YOUR 2017 TAX RETURN

We sincerely want to prepare your tax return as quickly and cost effectively as possible each year. However, in order to do so, we need your assistance.

- Any fees owed to Jodee Paape & Associates, LLC **MUST** be paid before we begin working on your 2017 tax return.
- Your signed 2017 Engagement Letter (blue sheet) must be signed by all parties and received in our office **BEFORE** we can begin working on your return. There are also eight **MANDATORY** questions in the 2017 Tax Organizer which must be answered or we can **NOT** guarantee we will have your return filed by April 17th, regardless of when you dropped your documents off in our office.
- The IRS requires we verify your bank information **EACH** year. If you wish to use direct deposit or direct debit, please fill out the Bank Information Form (green sheet) and include a voided check or statement from the bank with your account number. If you do not wish to use direct deposit or direct debit, please indicate so on the Bank Information Form.
- Due to the change in firm ownership, we need all clients to sign the Consent To Use form (yellow sheet). This will allow Nelson CPAs, LLC to send your Organizer or other personalized communications (e.g. estimate reminders) in the future.
- If you have a question, or need to talk to the person who is preparing your return *this* year, please do not automatically contact the staff member who prepared your tax return last year as tax assignments change each year. Call and speak with one of the front office staff—they will be able to connect you to the right person.

MEET THE STAFF

Deb Nelson, CPA (Principal) — “I’m excited to continue working with business owners & individual clients as we head into another busy season. We’ve assembled a great team to make sure you get the best service. Thank you for your business and continued support.”
(dnelson@NelsonCPAsMN.com)

Jodee Paape, CPA/PFS (Individual Tax, Estate/Trusts/Gifts) — “Welcome to Nelson CPAs! I’m still here and ready to go to work. I’m looking forward to working with you on preparing your tax returns, helping you with tax planning and working with tax authorities. I’m also continuing to provide estate, trust and gift consulting. My hours will be the same as always through April 16th. I’m looking forward to slowing down some after that but I will still be in the office most days. I heard from many of you after our announcement in June. I was extremely touched by the many good wishes that were sent my way. I’m looking forward to this next phase – I love what I do and want to continue working directly with clients for many years to come. I’m confident that Deb will continue the commitment to client satisfaction we’ve always had.” (jpaape@NelsonCPAsMN.com)

Lynne Bates, CPA (Individual Tax) — “I am still here! Even though I have taken off my “Partner hat”, I am still working to serve my individual tax client base and look forward to seeing all of you again this tax season.”
(lbates@NelsonCPAsMN.com)

Geoff Luckmann, CPA (Individual Tax Manager) — “I like to help people using the knowledge and experience I’ve acquired over the past 13+ years. I think of accounting somewhat like a puzzle where you have to determine how the pieces fit best and also a little bit like detective work.”
(gluckmann@NelsonCPAsMN.com)

Jon Fedder, CPA (Business Tax Manager) — “I love preparing all types of tax returns and researching complex tax matters. I’ve only been here three months, but already I have found some interesting issues to dive into.”
(jfedder@NelsonCPAsMN.com)

Mary Love (Firm Administrator) — “I love my job, the people I work with, and the hustle and bustle of the tax season. I spend my time helping to keep the firm running smoothly, working on procedures and policies, e-filing tax returns, and planning fun activities for the staff during tax season.”
(mlove@NelsonCPAsMN.com)

Julie Bishop (Bookkeeper) — “Choose a job that you love and you will never have to work a day in your life.” — Confucius. I love helping people with

their bookkeeping and tax preparation needs so that they have more time to focus on what they enjoy about their business. Give Nelson CPAs a call and let us help you get back to doing what you love!” (jbishop@NelsonCPAsMN.com)

Debbie Burton (Bookkeeper) — “I actually like QuickBooks Online (QBO), in fact, as a bookkeeper serving multiple clients across multiple mediums, I prefer QBO! I’m currently working toward my QBO Certification. While I appreciate that QB makes it simple for small business owners to do their own bookkeeping, I must caution you the original set-up of your company software is crucial to its successful use, as is an understanding of basic accounting principles. For a refresher on either, give us a call.”
(dburton@NelsonCPAsMN.com)

Jody Glowaski (Administrative Assistant) — “I am known as Jody Glow, or the ‘other Jody’. I am part of the front office staff — ready to help you, our clients, however I can. I look forward to seeing or talking to you this tax season.”
(jglowaski@NelsonCPAsMN.com)

Nanita Nordan (Bookkeeper) — “We have several non-profit gambling organizations for which the State requires monthly reporting. I enjoy working with the gambling managers to compile returns in the State’s stringent guidelines.”
(nnordan@NelsonCPAsMN.com)

Beth Osborn (Administrative Assistant) — “I will help direct your calls, set-up appointments, and always greet you with a smile when you come into our office.” (bosborn@NelsonCPAsMN.com)

Deidra Smith (Payroll Specialist) — “My co-workers genuinely care about each other and work together well. That in turn makes for a supportive team of people, happy and willing to do the most for our clients.” (dsmith@NelsonCPAsMN.com)

Tony Taylor (Lead Bookkeeper) — “I find it particularly enjoyable servicing the bookkeeping needs of businesses. Working directly with owners to resolve prior accounting issues and maintaining clear records moving forward is particularly rewarding.” (ttaylor@NelsonCPAsMN.com)

Connie Walker (Tax Preparer) — “We are here to help. Meeting your tax needs is our number one priority. Please call if we can help in any way.”
(cwalker@NelsonCPAsMN.com)

Lana Wallin (Bookkeeper) — “An accounting firm is only as good as the people who serve you. At Nelson CPAs, our people combine diverse talents and expertise — along with shared passion for providing our clients with truly independent professional accounting services.”
(lwallin@NelsonCPAsMN.com)

TAX REFORM

The new tax bill making its way through Congress at this writing will make major changes to our tax code. It will take many months of expert analysis to properly discern the impact of those changes. Rest assured we are paying close attention and will do our best to communicate relevant information as soon as possible. In the meantime, if you have a specific question about the new bill, please don't hesitate to call us.

ESTATES, TRUSTS, AND GIFTS

Did you know that if you gave someone more than \$14,000 in 2017 you will need to file a gift tax return? The limit increases to \$15,000 in 2018. The good news, though, is it is most likely that tax return will be informational only – there only is tax due when your lifetime gifts exceed \$5.6 million. Nevertheless, a return is required even though there is no tax due. We can take care of that filing requirement for you – just give us the details of the gift and we'll get the return prepared.

Dealing with the death of a loved one is stressful on many levels. It is particularly difficult to navigate the financial aspects. We have extensive experience with estate and trust requirements and can be a valued partner with other professionals.

We are also available to help craft your personal estate plan – again as part of your team of professional advisors.

Please give us a call if you have concerns in this area – we are happy to talk with you about your specific situation.

HOUSEHOLD EMPLOYEES

Did you pay a household employee at least \$2,000 in 2017? If so, you are required to pay 15.3% of their wages in FICA taxes. The employer covers half of those taxes and can withhold the other half from their employee's paycheck or cover the employee's portion for them. If the employee is paid more than \$1,000 in any quarter then you must also pay Federal and Minnesota unemployment tax. These payments are required no matter how the employee was paid (cash or check) and must also be reported on your personal tax return that you had a household employee during the year.

TAX FRAUD AND IDENTITY THEFT

Tax fraud and identity theft is still a major concern. Although the number of people who have been affected has declined from the peak in prior years, there were still a significant number of tax fraud and identity theft cases in 2017.

There are several things you can do to avoid becoming a victim. You should file your return as early as possible. If you can beat the criminals to the "finish line", they won't be able to use your information to file a fraudulent return. You should also use direct deposit for any refunds instead of receiving a paper check. Another defense is to never give your information out to scammers or click on unknown or suspicious internet links. The IRS or Minnesota Revenue will never call you without mailing a notice to your address of record first. If you are one of the unfortunate taxpayers to have your identity stolen or find that a tax return has been fraudulently filed on your behalf, there are several steps you should take. Notify your accountant. We are able to assist you with the subsequent steps, if needed. Make sure to notify the IRS immediately to stop further processing of the fraudulent return. You can call them or use Form 14039 – Identity Theft Affidavit to notify them that your identity has been compromised. Subscribe to credit monitoring services. They can help keep your name and record clean. To get the event on record, file a police report and a claim with the Federal Trade Commission. Finally, consider placing a fraud alert on your credit report or file for a full blown credit freeze.

REFERRAL COUPON

Refer a friend to Nelson CPAs, LLC and *you* will receive a 10% discount on your 2017 tax return preparation if your friend becomes our client by April 1, 2018.

Fill out the section below and have your friend bring the coupon to our office when they drop off their tax documents.

Your name: _____

Friend's name: _____

NONCASH CHARITABLE CONTRIBUTIONS

One common question we receive is, "What is the maximum I can deduct for my noncash charitable contributions?" The general answer is, "You can deduct as much as you can substantiate up to 50% of your AGI."

There are certain required steps to do this and some pitfalls to avoid. The donation must be made to a qualified organization. Be mindful of the fact that there are organizations that seem charitable but are unable to accept tax deductible donations. To check out an organization's exempt status, go to www.irs.gov and search for "Exempt Organization Select Check."

When making charitable contributions, you must receive and keep adequate receipts and records (known as a "contemporaneous written acknowledgement"). The receipt from the organization must list your name and include proper language about the donation and organization itself. A recent tax court case has denied the deduction for noncash donations to Goodwill because the receipts the organization provided did not include the proper language and the deduction was denied. This will be something to be mindful and careful of in the future for anyone who donates goods to Goodwill.

The charitable contribution must be made in the tax year the deduction is claimed and you may deduct up to the fair market value of the donation. Many charitable organizations have valuation guides to use in valuing the donation. Please note the items must be in "good or better" condition.

CONTACT INFORMATION

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MN PROPERTY TAX REFUNDS

We've had many issues with MN property tax refunds over the years but this year has been particularly aggravating. We still have a number of you who haven't received your refund even though the return was filed many, many months ago.

We have been working closely with MN Revenue to understand what causes returns to be held up. In most cases, the information MN Revenue has causes them to look closer at your return. They've told us it might be because they are concerned about identity theft and they need to verify your information. Sometimes they have information that another person is using your address and we haven't included that person's information in your household income when we compute your refund. In other cases, the information they have received from the county doesn't match what we have on the tax return.

We are currently working with staff at MN Revenue to try to streamline their processes so we can get involved much earlier. What can you do to help? Be sure to answer all of our questions about your household income, including whether or not there are other adults living in your home. Check with the county and make sure your home is titled properly. Let us know when you experience a delay in receiving your refund and we will follow up for you. Please be sure to let us know if you still haven't received your 2016 refund.

MN CONFORMITY

You might remember, when we did the 2015 income tax returns, being told you had some items on your return that were handled differently for MN purposes than they were on your federal returns. We were waiting for the MN Legislature to pass the "conformity" bill which would make MN law match federal law for some of the items. That law was finally passed early in 2017 and was retroactive to 1/1/2015. MN Revenue went back and adjusted 2015 tax returns to match the new law and sent refunds to those of you affected as well as a letter explaining the changes.

Please let us know if you received an unexpected refund from MN Revenue this past summer. We'd also appreciate it if you would include a copy of the letter you received with this year's tax information so we can be sure you received the refund you were entitled to.