Nelson CPAs

Tax Season Newsletter

January 2019

WE'RE HERE FOR YOU!

We look forward to seeing everyone again this tax season.

Beginning Monday, February 4, our hours will be:

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 16, 2018.

After April 16 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 15, 2019.

To ensure 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 **Monday, March 11, 2019.**

You may drop your documents off at the front desk, use the drop box in our vestibule, mail them in, or put them in your portal (see page 3).

Any documents you haven't received by March 11th can be delivered to our office as soon as you receive them.

Clients getting their documents to us after March 11th are not guaranteed to have a completed return by April 15.

APPOINTMENTS

If you would like to make an appointment to discuss your tax situation at any time of the year, call our office at 651-455-4621 and speak with a member of the front office staff. Please note, it is not necessary to make your appointment directly with your tax preparer. Many times asking to speak directly with your CPA for an appointment results in a "game" of phone tag. The front office staff is happy to facilitate an appointment or rescheduling request.

PRICE INCREASES January 1, 2019

One goal of Nelson CPAs is to continually improve the quality of our services. This means we are retaining the most talented and caring people we can find to produce the best possible work. We want to give you continued accessibility through emails and phone calls, educated answers (not guesses), increased availability for meetings or special projects, and when possible, shorter turnarounds.

To effectively manage all the intricacies of tax reform, the staff has completed many hours of additional training and research, including reading, meetings, webinars, classes, and focus groups to stay current with tax reform.

We are very serious about protecting the security of your confidential information and therefore need to upgrade our technology and our processes. This is a necessary part of business for any evolving and growing firm.

As a result, our prices will increase on January 1st. We expect every client will see an increase in their fees for work performed. In all honesty, some may be more significant than others. If you have questions, please do not hesitate to contact us and will we do our best to give you an idea of what those increases might look like.

Thank you for your understanding. We value your business and look forward to continuing our relationship for many more years to come.

FRONT OFFICE

Many thanks to Cory Nelson, Deb's husband, for volunteering his time and creativity toward re-arranging the front office to better suit our needs and making those work stations more secure. He was able to re-purpose existing materials and choose inexpensive options when needed.

When you enter our office, remember to head to the right and check in with the front office staff. Thank you!

TO ENSURE A SMOOTH PROCESS FOR YOUR 2018 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.

- We must have a signed 2018 Engagement Letter on file BEFORE we can begin working on your return. If you did not return the Engagement Letter you received with our fall newsletter, there should be another copy in this packet. After reviewing the letter, please sign and date and return it to our office with your tax documents. For those of you who returned it earlier, thank you!
- When dropping your Organizer and documents off at our office, please allow time for the front office staff to look through your packet to make sure we have what we need to get started on your tax return.
- All the questions in the Organizer are important for us to have answers to when preparing your return. However, there are eight MANDATORY questions in the 2018 Tax Organizer which must be answered or we can NOT guarantee we will have your return filed by April 15th, regardless of when you dropped your documents off in our office. The questions are listed on the first page of the Organizer and indicated by an asterisk within the Organizer.
- The IRS requires we verify your bank information EACH year. We need everyone to complete the Bank Information Form included in this mailing. If you do not wish to use direct deposit or direct debit, please check the box on the top of the form. If you do wish to use direct deposit or direct debit, please fill out the form completely, include a voided check (or statement from the bank with your routing and account numbers), sign and date the form. If married, both parties must sign the form.

FULL SERVICE — YEAR ROUND

We are your full-service tax accountants and are available year round. So, if an IRS notice comes during the summer, just let us know. If you would like help with retirement plans, give us a call. Selling your home? We're available to let you know the impact it will have on your tax return. Never hesitate to give us a call or make an appointment.

CHILD TAX CREDIT

One of the big changes to 2018 tax returns under the Tax Cuts and Jobs Act (TCJA) is the change to the Child Tax Credit. This credit has been expanded for 2018 partially in an effort to replace the loss of personal exemptions starting in 2018.

Under the old law, taxpayers received a $1,000 nonrefundable credit per eligible child under age 17 (16 and younger). The credit phased out depending on Adjusted Gross Income (AGI) and number of children claimed. For married couples filing jointly for 2017, the phase out began at $110,000.

Under the new law, taxpayers may receive a $2,000 credit per eligible child under age 17 (16 and younger). The credit still phases out depending on AGI and number of children claimed, but for married couples filing jointly for 2018, the phase out begins at $400,000. Of this credit, $1,400 is considered refundable starting in 2018. There is also a $500 per dependent credit for other dependents under the new law, subject to the same phase out rules.

KIDDIE TAX

Kiddie Tax can be a complicated issue because you are dealing with two returns and two recipients of income, the parent's and the child's, and potentially two different types of income, earned and unearned.

Kiddie Tax must be calculated for anyone who meets all of the following conditions:

- More than $2,100 of unearned income (defined below) in 2018
- Under age 18 at the end of 2018 or a full time student age 18 to 24 that didn't have earned income that was more than one half of their support
- At least one parent was alive at the end of 2018
- Will not file a joint return for 2018

To calculate kiddie tax, you need to examine the child's earned and unearned income. Wages and other similar earnings count as earned income. Unearned income includes interest, dividends and capital gains as well as any distributions reported on a 1099R, taxable scholarships and trust income. The child can have up to a certain amount of unearned income ($1,050 in 2017 & 2018) and not pay tax on that income. Once they exceed that amount, they will pay tax on that income at their tax rates up to the next break point. Again, this is the next $1,050 in 2017 & 2018. After that, the unearned income is taxed at a higher rate. For 2017, this was taxed at the parent's rate. In 2018, this will be taxed at estate and trust rates.

PORTALS

We have portals once again! Many of you should have already received a portal registration email from our office. Once you register, you may begin using your portal. If you haven't received a registration email and would like to use the portals, please call our office to request one, or let us know you would like a portal when you drop your documents off at our office.

When you upload documents, an email will be automatically sent to notify us something has been added to your portal.

The new system will allow you access to your documents on-the-go. It allows you to take pictures with your smartphone, iPad or other device and upload the image to your portal. We would, however, prefer images be sent to us in pdf format. You can use the CamScanner app to facilitate converting pictures to pdfs.

The portals can be accessed by going to https:\\portal.nelsoncpasmn.com or through our website: www.nelsoncpasmn.com.

FILING DELAY

The start date for filing tax returns will be delayed this year due to the changes resulting from the Tax Cuts and Jobs Act. As of this writing we do not have a specific date we can start filing your tax returns. A delay in filing will, of course, mean a delay for anyone receiving a refund. The delay also applies to returns being paper filed.

MINNESOTA UPDATE

There was no Special Session for the Minnesota Legislature regarding tax conformity. Tax conformity is when Minnesota's lawmakers decide which parts of the federal tax code to adopt. As you may know, the passage of the Tax Cuts and Jobs Act (TCJA) resulted in sweeping changes to the federal tax code. Therefore, legislatures will need to evaluate how the TCJA will impact our state tax returns. Unfortunately the 2018 session adjourned before decisions were made.

As a result, Minnesota is still working under the laws that were valid as of December 15, 2016. When the legislature convenes again in 2019, the hope is they will address the tax conformity issues right away. At this time, we don't know when that will take place or what the decision will be. Please know the staff at Nelson CPAs, LLC is keeping close tabs on the situation and will take the appropriate action.

NELSON CPAs STAFF

Professional Staff

Deb Nelson, Principal and CPA
dnelson@NelsonCPAsMN.com
Extension 102

Jodee Paape, CPA/PFS (Individual Tax, Estate/Trusts/Gifts)
jpaape@NelsonCPAsMN.com
Extension 103

Lynne Bates, CPA (Individual Tax) —
lbates@NelsonCPAsMN.com
Extension 105

Geoff Luckmann, CPA (Individual Tax Manager)
gluckmann@NelsonCPAsMN.com
Extension 104

Business Group / Tax Preparers

Tony Taylor (Lead Bookkeeper)
ttaylor@NelsonCPAsMN.com

Keith West (Tax Preparer / Payroll Manager)
kwest@NelsonCPAsMN.com

Anne Augustine (Bookkeeper / Payroll)
aaugustine@NelsonCPAsMN.com

Brian Blackard (Tax Preparer)
bblackard@NelsonCPAsMN.com

Connie Walker (Tax Preparer)
cwalker@NelsonCPAsMN.com

Deidra Smith (Payroll)
dsmith@NelsonCPAsMN.com

Julie Bishop (Bookkeeper)
jbishop@NelsonCPAsMN.com

Laurel Mathieson, CPA (Tax Preparer)
lmathieson@NelsonCPAsMN.com

Linda Mason (Bookkeeper)
lmason@NelsonCPAsMN.com

Nanita Nordan (Bookkeeper)
nnordan@NelsonCPAsMN.com

Administrative Staff

Mary Love (Firm Administrator)
mlove@NelsonCPAsMN.com

Jody Glowaski (Administrative Assistant)
jglowaski@NelsonCPAsMN.com

Syd Lee (Administrative Assistant)
slee@NelsonCPAsMN.com

PAYING YOUR TAXES

For individual taxpayers, the IRS and MN Revenue will still accept a check or money order with a pre-printed voucher. However, they have created optional methods for taxpayers to pay taxes, make estimates, and remit other types of tax payments. Before submitting a payment through the mail, please consider an alternative method.

Method:		IRS	MN Revenue
Bank Account-you can schedule a withdrawal directly from your bank account for free	**Direct Pay** online service found at irs.gov/payments	X	
	Set up a payment using MN e-Services at revenue.state.mn.us		X
Debit or credit card	A convenience fee will apply, and no part of the fee goes to the IRS or MN Revenue	X	X
Electronic Funds Withdrawal (EFT) from your bank account	We set up the payment(s) through our software when we e-file your return. E-file and e-pay in one step.	X	X
Cash – buy snacks, gas and pay your taxes in one trip	PayNearMe is only available at participating 7-Eleven locations in 24 states; including Minnesota	X	
	In person at 600 N Robert St in St Paul		X

These payment methods can be used to make a variety of payments. Let us help you find the easiest method for your situation. Please fill out the Bank Information Form (found in your Organizer Packet or on our website) or discuss with your tax preparer.

Reason for Payment	IRS - Direct Pay	MN Rev – e-Services	Debit or credit card	EFT
Tax Return	X	X	X	X
Notice or Penalty	X	X		
Estimated Tax	X	X	X	X
Installment Agreement	X		X	
Amended Return	X	X	X	

Contact Us:

100 BridgePoint Dr
Suite 120
South St Paul, MN 55075

Office: 651-455-4621
FAX: 651-552-9641
www.nelsoncpasmn.com