



January 2017

Armstrong Accounting & Consulting, LLC

1236 Claremont Avenue, Ashland, Ohio 44805

Phone 419-281-1040 - Fax 419-281-1041

Lisa Armstrong, CPA
Linda Carver, CPA, EA
Deborah Sharpnack, CPA

Hello clients,

Happy New Year to you all! I hope that Santa was good to you. We are ready to start on the tax season and see each of your smiling faces for our annual time together.

This is just an update on some changes that are **new for the upcoming tax filing year**. IRS and Ohio have both implemented more changes to protect you from fraud and identity theft of taxpayer information.

Also, as a convenience to you, we have enclosed a copy of the questionnaire that we request you to fill out each year. This form is also available on our website if you need another copy. Please fill this out ahead of time and bring it with you to your appointment.

1. We will be **required** to have a copy of each of your **driver licenses** at the time you bring your documents into us. This info will NOT show up on your actual tax return, but it will be required as a data entry in our software. If you or your spouse do not have a driver license, a State ID will work. If you don't have that either, we can check the box that you don't have one, but that will slow down processing of your return and delay your refund.

2. Also due to many issues related to IRS compliance, we will be **requiring** that each spouse sign the final e-filing Form 8879. In the event that both spouses are not available to sign, we have a **release form** that can be signed authorizing someone to sign for them.

3. IRS will be **requiring more info** for those of you who take credits for **Child Tax Credit** (the extra \$1,000) as well as those who claim **education credits** for college. The info requested will be to prove that the child is a qualifying child for tax purposes. These requirements are similar to the Earned Income Credit. If there are 2 persons eligible to claim any of these credits, we will have to discuss further in detail if you are entitled to the credits or not. For all of these credits, we will need to know if you have ever been disallowed the credit in a prior year. Or if IRS has changed the credit you originally requested.

Anyone with any of these 3 credits will not see their returns processed by IRS until at least Feb 15!

a. For the **Child Tax Credit** we will need to know how the child(ren) are related to you, their age, do you support them and do they live with you. We will be asking those questions and require documentation of proof. If the child does live with you, have you signed a Form 8332 to release the dependency to anyone else? If so, we need a copy. If not, has the resident parent signed a 8332? Options to show proof of residency are on the enclosed page.

b. For the **education credits**, we will be requiring the 1098-T that is provided by the college. We will also be requiring proof that you have paid the tuition expenses. This can be paid by you or by loans. The college may show this information on the 1098, but usually you will have to get a transcript of charges and payments. We will also need to know when the student began college and if they are full time or part time.

c. For the **Earned Income Credit**, in addition to the information in #1, we will need 2 documents to prove that the child lives with you. Attached is a listing of acceptable documents. If you have a business, we will be documenting how you gave us the business information (computer, ledgers, bank statements, 1099s, summaries, etc).

Lisa Armstrong and staff

EARNED INCOME CREDIT CLIENTS

The IRS now requires us to keep additional documentation for clients that claim Earned Income Credit (EIC). All original documents received by us will be returned to you. We will keep copies.

If you **claim children** for the EIC, we require their social security card *and* 2 of the following documents FOR EACH CHILD before we will be able to complete your return. The documents MUST have the child's name and address and preferably the social security number.

- Child's social security card – required to have this in our records
- School Records or statement on school letterhead
- Health Care provider statement
- Medical records
- Child Care Provider Records
- Social Services Records
- Place of Worship statements
- Employer Statements – W2, 1099, check stub
- Other

If your child is **disabled** – we will require some form of confirmation of the disability such as:

- Doctor statement
- Other Health care provider statement
- Social Services Agency statement
- Other

If you **have a business** (schedule C), we will require at least 2 of the following to verify that you do indeed have an ongoing business, even if you have no children.

- Business Vendors License
- Forms 1099 received or sent out
- Records of gross receipts and expenses
- Bank Statements in the name of the business
- Other

We will be asking more questions of you in regards to this credit, especially if you have children. This keeps us in compliance with IRS requirements and lowers the likelihood of an audit.