

Bacon and Gendreau Tax Preparation
Tax Preparation and Financial Services
62 LaSalle Road
West Hartford, CT 06107
WWW.BGTAXCT.COM

January 1, 2020

To All Our Valued Clients,

The 2019 tax filing season is upon us. We would like to thank you for allowing us to prepare your income tax returns last year and thank you for your continued patronage, support and trust in us by continually referring your friends and family. Steve and I are truly humbled and grateful to every one of our clients.

We will be uploading organizers to our secure portal for your convenience. You should receive an email indicating it is ready to print. Call the office if you need one mailed to you!

Individual filing season will begin accepting electronic and paper returns around January 28, 2020. Generally, refunds electronically deposited will be available in 10 to 14 days from processing.

The filing deadline is April 15th, 2020 for all 2019 calendar year tax returns for individuals. We ask that you do not wait until the last minute. If anyone comes after April 10th, we cannot guarantee that we will be able to complete your tax return on time and we will make the determination if an extension is necessary.

With the continual growth of our client base we have added three new people for this year. Please welcome Susan Glazier, Corinna Lusa and Sue Rodrigues Seguro.

The IRS has continued to increase the level of due diligence required of tax preparers in the preparation of tax returns which has led to the increase in preparation time. A preparer is not required to audit, examine, or review books or records, business operations, documents or other evidence to independently verify information provided by the taxpayer; however, the preparer may not ignore the implications of information furnished by the taxpayer. The preparer must make reasonable inquiries if the information furnished appears to be incorrect or incomplete.

Tax Year 2019 -What's NEW

Alimony and separate maintenance payments are no longer deductible for any divorce or separation agreement executed after December 31, 2018, or for any divorce or separation agreement executed on or before December 31, 2018, and modified after that date.

Standard Mileage Rate

The standard mileage rate for the cost of operating your car for business is **58 cents a mile (Please note that in addition to mileage you are also allowed to deduct tolls, parking, property taxes and interest)**. The standard mileage rate allowed for the use of your car for **medical purposes is 20 cents a mile** and the standard mileage rate for the use of your car for **volunteer services for a charity is 14 cents a mile for the entire year of 2019**. You can keep track of your mileage by using an App on your smart phone called Mile IQ. If you drive for business purposes and are **self-employed**, you need to keep track of time, place, purpose for all your mileage driven. We suggest you take a picture of your odometer on January 1st and December 31st, to record the mileage on the car at the beginning and end of the year! I would also save your oil change receipts that can prove your mileage that way (it is written on the receipt).

IRA and Retirement Account Contributions to Roth and Traditional IRA's increase to \$6,000 for 2019/2020 with \$1,000 additional if age 50 or older. Contributions to 401(k) and similar retirement plans are at \$19,000 for 2019/2020 with a catch-up amount of \$6,000. Self-Employment Pension Plan (SEP) maximum contributions increase to \$56,000 for 2019.

Health Savings Accounts (HSAs) TAX Savings TIP

The maximum HSA contribution increases to \$3,500 for single coverage and \$7,000 for family coverage for 2019. (\$1,000 additional if age 55 or older.) Amounts increase to \$3,550 and \$7,100 respectively for 2020. ***Please note that you have until April 15, 2020 to contribute to your HSA for a 2019 deduction.***

How to obtain tax transcripts, past tax returns

You can obtain a record of your past tax returns. IRS transcripts are often used to validate income and tax filing status for mortgage applications, student and small business loan applications, and during tax preparation. (<http://www.irs.gov/Individuals/Get-Transcript>)

Charitable Deductions

Charitable deductions must be supported by documentation for every \$1.00 you claim. For donations over \$250.00, documentation must be obtained from the charity. **We will only include non-cash contributions on your tax return if a worksheet is prepared with the amount totaled. The IRS has been auditing Non-Cash Contributions.** See attached worksheet.

Non-Custodial Parents

Need to obtain Form 8332 from custodial parents in order to claim dependent child.

American Opportunity Credit

Form 1098-T is required from your child's educational institution for us to complete the forms for the educational credits. This form along with a copy of their financial transcript can usually be obtained online through their personal student account with the college.

Housekeeping Guidelines

There are several ways in order to get your tax information to us.

- 1) Schedule an appointment. Due to increased demand, please don't call the day before you want to come in. Also, Saturdays fill up quickly so call a few weeks ahead.*
- 2) Drop off. We will process ASAP.*
- 3) Mail in. We recommend you make copies and keep your originals.*
- 4) Use our Secure Portal accessible through our website. Please call us to set up initial access.*

We will be uploading organizers to our secure portal for your convenience. You should receive an email indicating it is ready to print. Call the office if you need one mailed to you!

Payment and signature of Form 8879 is required prior to the actual filing of your income tax returns electronically. We regret and apologize for any inconvenience this may cause you.

Please try to be prompt for your appointment. Please give us the courtesy of a phone call if you will be running more than 10 minutes late.

David Gendreau - Appointments are held in Suite 305. (Right at the top of the stairs.)

Please call office at 860-216-2195 for appointments.

Monday through Thursday 9:00am – 6:00pm
Fridays 9:00am – 11:00am and Saturdays 8:00am – 3:00pm

Stephen Bacon - Appointments are held in Suite 201. (Left at the top of the stairs.)

Please call Kylie, Michelle or Susan at 860-216-2195 or 860-233-1171 for appointments.

*Best Regards,
Steve and David*

2019 Tax Preparation Checklist

Personal Information

	Social Security Card(s) (if new client)
	Driver's License(s)
	Prior two years of tax returns (if new client)

Dependent(s) Information

	Dependents' Social Security Numbers & Dates of Birth (if new client or dependent)
	Form 8332 showing that the child's custodial parent is releasing their right to claim a child to you, the noncustodial parent (if applicable)

SOURCES OF INCOME

Employed

	Form W-2(s)
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Unemployed

	Form 1099-G (Need to obtain Form UC1099-G online for CT)
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State Tax Refund

	Form 1099-G
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Self-Employed (See website for organizer)

	Forms 1099-MISC, 1099K, income records to verify amounts not reported on 1099s
	Records of all expenses — check registers or credit card statements, and receipts
	Office in home information for self-employed, square footage of office & entire home

Rental Income (See website for organizer)

	Records of income and expenses
	Rental asset information (cost, date placed in service, etc.) for depreciation

Retirement Income

	Pension/IRA/annuity income Form 1099-R
	Traditional IRA basis (i.e. amounts you contributed to the IRA that were already taxed)
	Social security/RRB income Form 1099-SSA, RRB-1099

Savings & Investments or Dividends

	Interest, dividend income Form 1099-INT, 1099-OID, 1099-DIV
	Income from sales of stock or other property Form 1099-B, 1099-S
	Dates of acquisition and records of your cost or other basis in property you sold (if basis is not reported on 1099-B)

Other Income & Losses

	Gambling income (Form W-2G or records showing income, as well as expense records)
	Cancellation of Debt, Abandonment of Secured Property - Form 1099-C, 1099-A
	Prizes and Awards
	Estates & Trusts Form K-1
	Royalty Income - 1099-MISC
	Health Savings Accounts
	Form 1099-SA or 1099-LTC Health Savings Account and long-term care expenditures
	Form 5498-SA showing HSA contributions
	Record of alimony paid/received with Ex-spouse's name and SSN (Divorce Decree needed)

TYPES OF DEDUCTIONS

Home Ownership

	Form(s) 1098 or other mortgage interest statements - For each slip we also need
	If Home Equity Loan, were the proceeds used for home improvement?
	If no, please provide explanation of what proceeds of loan were used for (e.g. vacation, college)
	Real estate and personal property tax records - Obtain information from city/town website.

Charitable Donations

	Cash amounts donated to houses of worship, schools, other charitable organizations
	Records of non-cash charitable donations (>\$500 needs detailed information)
	Amounts of miles driven for charitable purposes

Medical Expenses

	Amounts paid for healthcare insurance and to doctors, dentists, hospitals, pharmacy
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Health Insurance

	Form 1095-A if you enrolled in an insurance plan through the Marketplace (Exchange)
	Form 1095-B and/or 1095-C if you had insurance coverage through any other source (i.e. an employer, insurance company, government health plan such as Medicare, Medicaid, CHIP, TRICARE, VA, etc.)
	Marketplace exemption certificate (ECN) if you applied for and received an exemption from the Marketplace (Exchange)

Childcare Expenses (Under Age 13 or Disabled)

	Mandatory: Need name, address, SS# or Federal ID # for provider.
	Fees paid to a licensed day care center or family day care for care of an infant or preschooler.
	Fees paid to a qualified day camp.
	Don't include expenses paid through a flexible spending account at work.

Educational Expenses

	Forms 1098-T from educational institutions (Transcripts are also needed)
	Receipts that itemize qualified educational expenses
	Records of any scholarships or fellowships you received
	Form 1098-E if you paid student loan interest

State & Local Taxes or Sales Tax

	Amount of state/local income tax paid (other than wage withholding), or amount of state and local sales tax paid
	Invoice showing amount of vehicle sales tax paid

Retirement & Other Savings

	Form 5498 showing IRA contributions
	Distributions from 529's and Educational Savings Plans Form 1099-Q

Miscellaneous

	Estimated Taxes Paid
	CHET Contributions and Account Number
	Bank, Account #, Routing # for Direct Deposit

**NonCash Contributions - Substantiation
Donation of Clothing and Household Items**

Taxpayer _____

Tax Year _____

Name of Organization (Donee) _____

Date and Place of Contribution _____

Description of Property Given	Date Acquired and How (1)	Cost or Other Basis (2)	Fair Market Value (3)	Condition of Item Must be in "Good Used or Better Condition"		Tested Appliances Is Appliance in Good Working Condition? (5)
				Yes (4)	No	
						Yes <input type="checkbox"/> No <input type="checkbox"/>
						Yes <input type="checkbox"/> No <input type="checkbox"/>
						Yes <input type="checkbox"/> No <input type="checkbox"/>
						Yes <input type="checkbox"/> No <input type="checkbox"/>
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						Yes <input type="checkbox"/> No <input type="checkbox"/>
						Yes <input type="checkbox"/> No <input type="checkbox"/>
Totals:						

Signature: _____ Date: _____
Official of Donee Organization

- (1) Date acquired and cost not necessary unless the amount is greater than \$250 (Columns 1 and 2). If more than \$500, need Form 8283.
- (2) How was the Fair Market Value established (Column 3) - Some organizations such as Goodwill and the Salvation Army provide a standard "value list" to assist taxpayers in determining the value of their clothing and household items donated.
- (3) Under the Pension Protection Act of 2006, the clothing and household items must be in "good used condition or better" (Columns 4 and 5). Have Donee test household items as to working condition and have snapshots (camera) of clothing and household items to illustrate condition.

Comment: Neither the statute nor the technical explanation of it - other than Congress' broad policy statements (footnote 8) - provides any guidance on when clothing and household items won't be considered to be in "good used condition or better" so as to bar a deduction under the rules.