UPDATE

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Certified Public Accountants

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Tax Filing Season Update

Dave Bove

The 2017 tax filing season began January 23, 2017. The filing deadline to submit 2016 personal income tax returns is April 18, 2017, rather than the traditional April 15 date. April 15 falls on a Saturday, and this would usually move the filing deadline to the following Monday, April 17. However, Emancipation Day – a legal holiday in the District of Columbia – will be observed on that Monday, which pushes the nation's filing deadline to Tuesday, April 18, 2017.

The IRS reminds taxpayers that choosing e-file and direct deposit for refunds is the fastest and safest way to file an accurate tax return and receive a refund. It anticipates issuing more than nine out of 10 refunds in less than 21 days, but there are some important factors to keep in mind for taxpayers.

Beginning in 2017, the Protecting Americans from Tax Hikes (PATH) Act requires the IRS to hold refunds on tax returns claiming the Earned Income Tax Credit (EITC) or the Additional Child Tax Credit until mid-February.

In addition, IRS states that taxpayers should be aware it will take several days for these refunds to be released and processed through financial institutions. Factoring in weekends and the President's Day holiday, many affected taxpayers may not have actual access to their refunds until the week of February 27.

The short-term highway funding bill enacted in 2015 has modified the due dates for several common tax returns. The act set new due dates for partnership and C corporation returns, as well as FinCen Form 114, Report of Foreign Bank and Financial Accounts (FBAR), and several other IRS information returns.

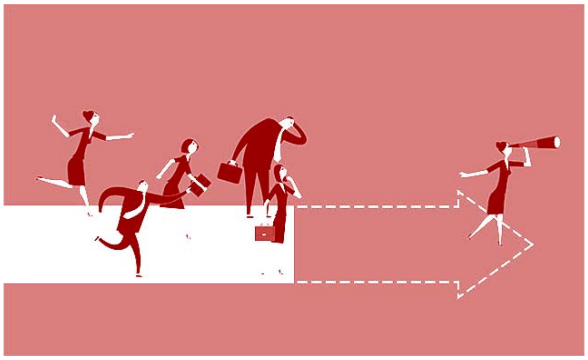
Starting with 2016 tax returns, the tax return for partnerships, Form 1065, will be due on the 15th day of the 3rd month after year-end. Therefore, those with a calendar year end will have a due date of March 15. A six-month extension is allowed from that date.

Starting with 2016 tax returns, the tax return for C corps, Form 1120, will be due on the 15th day of the 4th month after year-end. Therefore, those with a calendar year end will have a due date of April 15 (April 18 for 2016 returns). However, for C corporations with fiscal years ending on June 30, the new due dates will not apply until tax years beginning after December 31, 2025. Currently, the IRS provides a six month extension of time to file the return. However, we have learned that regulations may be released in the near future to address changes regarding extended time frames. Stay tuned!

Also starting with 2016 tax returns, the FinCEN Form 114, relating to Report of Foreign Bank and Financial Accounts, is due April 15 (April 18 for 2016 returns) with a maximum six-month extension to October 15. Previously the return was due on June 30 with no extension.

GOING CONCERN—ANALYSIS NOW REQUIRED BY MANAGEMENT FOR THOSE WITH ISSUED FINANCIAL STATEMENTS

Sharon Sibilia



The Financial Accounting Standards Board (FASB) issued guidelines that will affect your company if financial statements are being audited, reviewed, compiled or prepared. Specifically, Accounting Standards Update (ASU) No. 2014-2015 – Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of uncertainties about an entity's ability to continue as a going concern. The guidelines are effective for annual and interim reporting periods ending after December 15, 2016.

What is a going concern? It is a basic underlying assumption in accounting; the assumption is that a company or other entity will be able to continue operating for a period of time not to exceed one year beyond the date of the financial statements being prepared. Management will be required to evaluate whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern. Additional footnote disclosures will be required in certain circumstances.

Management, or those charged with governance, should be prepared to provide evidence to their auditor/accountant that an evaluation of the entity's ability to continue as a going concern was evaluated for the period. This evaluation should consider, in the aggregate:

- Negative financial trends
- Indications of financial difficulties
- Internal matters
- Economic matters

The evaluation can be documented via a short management memo, or included with the board minutes. If conditions or events are found that indicate a substantial doubt about the entity's ability to continue as a going concern, additional disclosures could be required. For a sample of what should be considered in management's evaluation, as well as additional disclosure requirements, please contact us.

Client Spotlight

Susan Ghaly

The Granite Group LLC (DBA Crossroads Ace Hardware) is a group of soon-to-be four Ace Hardware stores owned and operated by majority partners William Atchison, Jr. and Timothy Gibson. From their beginning in 2003 with their first store in Lithia, Florida, the partners have seen tremendous growth and success. They opened a second store in 2005 in the Riverview area and a third store in 2015 in Sun City Center. A fourth store (also in Riverview) is slated to open February 2017.

As your local Ace Hardware, each store is a member of the largest retailer-owned hardware cooperative in the industry. The cooperative has stores in all 50 states and more than 70 countries. Even while being part of such a large cooperative, each Ace Hardware store is unique and tailored to meet the needs of its local community. Many of the stores offer much more than just hardware items. For example, in the Riverview store, you can find expanded selections of pet and animal feed and even office supplies.

The Ace cooperative's motto is to be "the *helpful* place." As the local helpful hardware folks, partners Atchison and Gibson promise that, "helping you is the most important thing we have to do today." One visit to any of the Crossroads stores and you will be convinced!

You can learn more about the Crossroads Ace Hardware stores at their website www.crossroadsace.com.

Those Pesky Business Miles (What a Hassle!)

Dawn Lopez

Do you roll your eyes at your accountant when they asked for your business mileage log, or do you say, "use the same as last year", or do you half-heartedly try and recreate a year's worth of information? The truth is it is a necessary evil. You want to have proper support for your tax deduction should you ever go through an IRS audit. If the information is not provided the IRS most likely will disallow the deduction, which for many could be very costly.

In the age of smart phones and built-in GPS this once tedious chore can be made a little easier with many available 'apps' for your iphone or android. I have not personally reviewed the following apps but you may want to check a few out and see which best suits your needs.

TripLog – offers automated mileage tracking, cloud backup, receipt photos, reports

Mileage Log+ - has a mileage log and IRS rates for reimbursement. It can store frequent trips so simple tap inputs the mileage. Expense reports are easy to share.

MileIQ – considered one of the most polished and easy -to-use and the priciest.

A couple of items to consider: You'll have the option of the free version but most likely you will want to upgrade to the more robust features of the app which will cost you a fee but is recommended. Also, if you deploy your GPS, which most of the apps require, this will use up some of your battery life.

Since we are talking about phone apps, the **FICPA Business Technology Committee picked 17 "must have" Apps for 2017.**

A few that sounded intriguing to me are:

ParkMe – finds closest parking to your destination

li.st – A new way to create and discover lists about anything and everything

SoundHound – Listens and recognizes music that you know but just can't recall the name

How to Cook Everything – Mmmmmm

Fandango – (life is not about all work) – Buy movie tickets

FEMA – Alerts from national weather service, customize your emergency checklist and upload disaster photos

OpenTable – make online reservations, read reviews and earn free meal points

Wunderlist – 'to-do' app

Credit Karma – receive credit score and review credit report

THE 21ST CENTURY CURES ACT
APPROVES HEALTH REIMBURSEMENT ARRANGEMENTS FOR SMALL EMPLOYERS

Pam Mattox

Previously, the IRS took the position that a standalone health reimbursement arrangement (HRA) was a group health plan that violated the group plan rules of the Affordable Care Act and was subject to an excise tax (up to $100 per affected individual per day) for violating the group plan rules of the Affordable Care Act. Small employers who had kept an HRA in place had been given transition relief from the penalties through June 30, 2015 and were expected to discontinue use of such plans.

But, now the 21st Century Cures Act has passed with an effective date of January 1, 2017. And, small employers now have the opportunity to provide a standalone health reimbursement arrangement (HRA) to their employees without penalty instead of providing a group health plan. A small employer is defined as one that employs fewer than 50 employees. A standalone HRA is one that is not paired with a health insurance plan. The 21st Century Cures Act also extended the transition relief mentioned above through December 31, 2016.

The small employer cannot offer a group health plan to any of its employees and the small employer must provide the HRA on the same terms to all eligible employees in order for the HRA to meet stated requirements of the law. The HRA also has to be funded solely by the employer and cannot allow salary reduction contributions. And, the employee must provide proof of insurance coverage to the small employer in order to meet HRA requirements. The yearly total payments and reimbursements from the HRA cannot exceed $4,950 for employee coverage and $10,000 for family coverage. Unused amounts in the HRA can be carried forward to future years. If the HRA is not in place for the entire year, the amounts are to be prorated.

Continued on pg. 5

Consumer Alerts on Tax Scams

Ann Orand

Please note that 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.

Note that the IRS will never:

- Call to demand immediate payment using a specific payment method such as a prepaid debit card, gift card or wire transfer. Generally, the IRS will first mail you a bill if you owe any taxes.
- Threaten to immediately bring in local police or other law-enforcement groups to have you arrested for not paying.
- Demand that you pay taxes without giving you the opportunity to question or appeal the amount they say you owe.
- Ask for credit or debit card numbers over the phone.

Examples of recent scams include:

- Fake IRS tax bills related to the Affordable Care Act. Generally, the scam involves a fraudulent version of CP2000 notices for tax year 2015.
- Telephone scammers targeting students and parents during the back-to-school season and demanding payments for non-existent taxes, such as the "federal student tax."
- "Robo-calls" where scammers leave urgent callback requests through the phone telling taxpayers to call back to settle their "tax bill." In the latest trend, IRS impersonators demand payments on iTunes and other gift cards.

For more information on tax scams, please see Tax Scams/Consumer Alerts. For more information on phishing scams, please see Suspicious e-Mails and Identity Theft. Both articles can be found on the IRS website, www.irs.gov. Reference: https://www.irs.gov/uac/whats-hot

IDENTITY THEFT OF THE DEAD, REALLY?

Rick Vernal

Each year, identities of nearly 2.5 million deceased Americans are stolen to fraudulently open credit card accounts, obtain loans, claim tax refunds, and get cell phone or other services, in a tactic called "ghosting."

Unfortunately, it takes time for financial institutions, credit reporting bureaus, and government entities to update their records regarding the deceased person. This lag gives identity thieves a fairly wide window of opportunity. Aiding the situation, is the fact that victims are no longer around to monitor their finances, and grieving family members are often too occupied with other matters. Additionally, the deceased person's credit accounts will remain open until the reporting agencies and creditors are notified of the death.

Identity thieves acquire names, dates of birth, social security numbers, and other personal information to open credit accounts, obtain loans, and file false tax returns to claim refunds, among other crimes.

Following the five steps below will help prevent the theft of identity after a loved one's death:

Don't put too much information in an obituary. Omit items such as birth date, address, mother's maiden name, and other personal identifiers.

Obtain at least a dozen copies of the official death certificate. Obtain "certified" copies, as they are usually required to carry out many of the tasks after death.

Obtain a copy of the deceased person's credit report. Each report will indicate whether any credit accounts remain open, and need to be closed, and whether any collection notices are pending. Continued on pg. 5

CONTINUED FROM PG. 4 - IDENTIY THEFT

Review each credit report for fraudulent activity. If evidence of fraud exists, a surviving spouse, executor, or family member should add an alert to the report and notify the proper creditors.

Mail copies of the death certificate by certified mail with return receipt to each credit-reporting bureau and the IRS. Request each bureau and the IRS to place a "deceased alert" on the account, and for joint accounts, remove the name of the deceased.

Ghosting is generally a crime perpetrated by strangers. However, don't discount the possibility that a family member might commit this type of fraud. If an incident of identity theft is suspected to be an inside job, seek professional guidance.

ARE YOU USING THE INTERNET TOO MUCH?

Kathy Tushaus

Do you start your day by looking at your phone for emails, Facebook posts, Twitter notifications, etc.? Then, when you get to work you look up all these sites again to make sure you didn't miss something. Maybe that is ok, but how often do you spend during the day and night going back to these same sites to see what someone else has posted? Perhaps too much? One of my 2017 resolutions is to cut down on my "addiction" to the internet. Maybe you should look at your internet usage too and see if you need to cut back a bit and change that habit.

Based on studies, the number of hours spent on the internet has risen dramatically over the past 10 years. Some studies say the average person spends 20 hours per week; others say 30% of the day. Young adults are the highest users with nine hours per day!

Some people think that multitasking while working or studying doesn't affect what they are doing, but it does. Cognitive control and the ability to process information by media multitaskers impair your ability to be effective and competent. A lot of people have no idea how much time they are actually spending on the internet when they should be working, studying, etc. They also don't realize how distracted you get once you go onto the internet. The information you planned to look for turns into unintentional searches for other information that was of no interest to you when you began your search.

Some ideas to help you tackle your excessive internet use are to move your computer to a place that is less easily accessible, list the websites you are visiting to see how much time you are "wasting" on unimportant sites, plan your internet usage and log off once you get the information you were originally going after. Over the next few weeks try being aware of how much time you are spending on the internet. Break down that time between necessary, pleasures and wasting of time. This should help you see the big picture and help you to cut down on wasted time.

CONTINUED FROM PG. 3 - THE 21ST CENTURY CURES ACT

The small employer must provide within 90 days of the funding of the HRA a written notice to all eligible employees that contains certain details of the HRA. The small employer must also include the HRA benefits on employee W-2s.

The HRA can also be used by the employee to pay other qualified medical expenses such as co-payments and deductibles. The 21st Century Cures Act is an opportunity for a small employer to offer health benefits to their employees at an affordable cost.

Closing Entries

ANNIVERSARIES

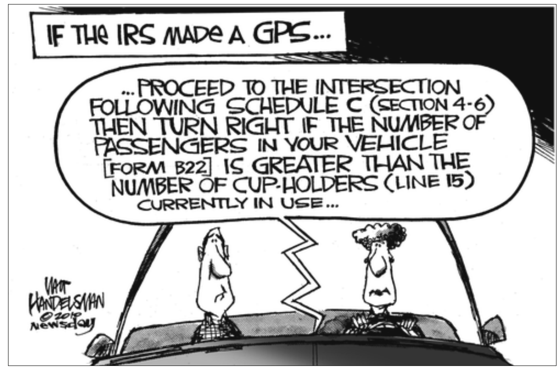
The following Dwight Darby & Company employment anniversaries will be occurring this spring:

Wayne Bond – 50 years in May

Brad Tushaus – 41 years in June

Ann Orand – 2 years in May

Just for fun….



This newsletter is published for our clients and other interested persons. Since this information may be of a technical nature, no final decision should be made without first consulting our office.

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