JPT FINANCIAL SOLUTIONS, INC.

www.jptfinancial.com
jptfinancialinc@gmail.com
Tel: 201-996-9854
Fax: 201-996-0874

419 River Road
Bogota, New Jersey 07603

January 15, 2020

RE: <u>Preparation of 2019 Personal Income Tax Returns</u>

Dear Tax Client:

Happy New Year, and wishing you God's blessings in 2020. To those clients who are returning to us once again for tax preparation, we sincerely thank you for your past patronage and ask that you spread the word to your friends and family of our tax preparation services. To our new clients, we thank you in advance for your business and pledge to serve you with quality and professional customer service.

The cutoff to file your 2019 personal income tax return is **Wednesday, April 15, 2020**. Please contact our office for preparation of your 2019 tax return at your earliest convenience, after you have received all necessary supporting documentation to prepare your return.

Note that all federal and state tax returns prepared by our company will be electronically filed to the federal and state governments. Your returns will be prepared solely on the basis of information submitted to us by you, the tax client.

Important Tax Law Changes

1.) No Alimony Deduction for New Divorces

A change impacting 2019 taxes for the first time under tax reform relates to the alimony deduction. For divorces and separation agreements finalized after 2018, alimony payments are not deductible for the payer or counted as taxable income to the recipient.

2.) Reduction in Medical Expense Deduction Floor

The reduction in the medical expense deduction floor from 10% to 7.5% expired for tax years ending before Jan. 1, 2019. This provision is extended through Dec. 31, 2020.

3.) Deduction for Qualified Tuition and Related Expenses

The deduction for qualified tuition and related expenses is retroactively extended through Dec. 31, 2020. The deduction is up to $4,000 for taxpayers whose adjusted gross income does not exceed $65,000 ($130,000 in the case of a joint return); and up to $2,000 for taxpayers whose adjusted gross income does not exceed $80,000 ($160,000 in the case of a joint return). The deduction is $0 for all others.

The 2019 Tax Preparation Process

Please complete and submit the forms listed below with your documentation to prepare your return. These forms can be found on the following pages within the tab labeled "Documents" on our website **www.jptfinancial.com** :

1.) Client Data Form

ALL clients (new and existing) are asked to complete the **Client Data Form** to ensure that we have complete up to date information for all our clients. In addition:

(a) **NEW** clients are also required to provide our office with

- A copy of your 2018 prior year income tax return (federal and states as applicable), and
- Social Security cards for the taxpayer, spouse and dependents for identity verification

(b) Existing clients with a **NEW** spouse and/or **NEW** dependent are also required to provide our office with Social Security cards for the new spouse and/or dependent for identity verification.

2.) Engagement Contract

ALL clients (new and existing) are asked to complete the “Personal Professional Services” **Engagement Contract**

3.) 2019 Tax Season Resources

Scroll to the section labelled **Personal Client Resources** for required specific forms to be completed and submitted:

(a) **Tax Checklist for Preparing Personal Tax Returns**

- Read through this document, which is a general recap of information and supporting documentation that is needed for tax preparation.

(b) **Personal Data**

- Required from **ALL** clients (new and existing) every year.
- Complete this form to include filing status, taxpayer and spouse social security numbers, drivers license or state photo ID details.
- New York taxpayers need to provide school district name, document number from your drivers' license, and Indicate if you or your spouse (or an entity of which you are an owner) have or have not been convicted of an offense, defined in New York State penal code law article 200 or 496, or section 195.20.
- New Jersey Taxpayers need to provide information regarding unpaid sales tax information for purchases made in 2019, as well as information related to the NJ Veterans exemption if applicable.

(c) **Dependents**

- Complete this form to include relevant information for all dependents that you claim on your tax return.

(d) **Health Insurance Coverage**

- Review to determine what forms and information is required to be provided.
- Effective 2019, the IRS no longer has a mandate for individuals to carry health insurance. As such, the “Shared Responsibility Payment” no longer applies for your federal return and you don’t need an exemption in order to avoid the penalty. However, if you have received forms 1095-A, 1095-B and/or 1095-C, please include these forms with your documents for income tax preparation. They are also needed for the reconciliation of any Premium Tax Credit received on your federal return.

- The following states, however, DO have a health insurance mandate, thus requiring residents to maintain health insurance unless you qualify for an exemption:

  New Jersey
  Massachusetts
  Vermont
  DC

  ALL clients in these states are required to complete these forms for all members of your "tax family", defined as individuals for whom you are claiming a personal exemption on your tax return (generally you, your spouse with whom you are filing a joint return, and your dependents). Residents of these states must maintain minimum essential health coverage or pay a penalty.

(e) **Due Diligence Forms**

- **ALL** clients filing as Head of Household are required to complete the **HOH** due diligence form.

- **ALL** clients who are eligible for any of the following credits are required to complete the applicable due diligence forms:

  CTC/ACTC/ODC (Child Tax Credit, Additional Child Tax Credit & Other Dependent Credit)

  EITC (Earned Income Tax Credit)

  AOTC (American Opportunity Tax Credit)

- IRS continues to significantly increase the responsibility of tax preparers to ensure that information being provided by the taxpayer to calculate these credits is complete and correct. As such, we will interview all clients who claim these credits to provide our office with adequate information to comply with this IRS mandate.

(f) Mortgage Interest Supplemental Information

- This form is required to identify the portion of the mortgage interest that can be deducted as an itemized deduction.

(g) Child & Dependent Care

- Complete this form if you had any child or dependent care expenses in 2019.

(h) Sole Proprietor Profit & Loss

- Complete this form if you operated a business as a sole proprietor in 2019.

(i) Small Employer Health Insurance Credit

- Complete this form to provide information for the calculation of the small business health insurance credit if applicable for your sole proprietorship in 2019.

(j) **Auto Expense Worksheet**

- Complete this form to deduct expenses of your automobile for business in 2019.

(k) Expenses for Business Use of Your Home

- Complete this form if a portion of your home was used for a sole proprietor business in 2019.

(l) Employee Business Expenses

- Complete this form to identify any non-reimbursed employee business expenses that you incurred in 2019.

(m) Sale of Capital Assets

- Complete this form for any sale of stocks, bonds, etc. in 2019. As an alternative, you can provide copies of statements that you may have which provide information that is stated on the forms.

(n) Sale of Home

- Complete this form if you sold your home in 2019. As an alternative, you can provide copies of statements that you may have which provide information that is stated on the forms.

(o) Energy Credits

- Complete these forms if you have incurred expenses related to special energy related deductions in 2019.

(p) Casualty and Theft Losses

- Complete this form if you had any casualty or theft loss in 2019.

(q) Rental Real Estate & Royalties

- Complete this form if you had a rental income or loss activity in 2019.

(r) Installment Sales

- Complete this form if you had an activity related to a sale set up on an installment basis in 2019.

(s) **Non-Cash Charitable Contributions**

- Complete this form if you had non-cash related charitable contributions in 2019.

(t) **Household Employment Taxes**

- Complete this form if you had any household employees (nanny tax) in 2019.

4.) Direct Deposit & Electronic Funds Withdrawal Information

Complete this form to set up a direct deposit of your tax refund and/or electronic funds withdrawal from your bank account or credit card for the payment of any income tax liability if desired.

IMPORTANT

In order for our firm to satisfy IRS requirements to sign-off and electronically file your return as a “paid preparer”, it is **required** that clients remit payment for services prior to electronic transmission of your tax return. As such, payment to JPT Financial Solutions for your tax return **is due upon receipt or notification of the completed tax return**. A 1.5% monthly interest late fee will be reflected on all past due accounts over 15 days.

Thank you in advance for your kind assistance and for letting us be of service to you. If you have any questions please don’t hesitate to contact us.

JPT FINANCIAL SOLUTONS, INC.