



The JPT Financial Newswire

A periodic newsletter from JPT Financial Solutions, Inc.

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JPT FINANCIAL SOLUTIONS, INC.

Advisory • Tax • Eldercare • Accounting

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SPECIAL TAX PREPARATION EDITION **2019 INCOME TAX RETURNS**

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.

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.

● **PREPARATION OF 2019 PERSONAL INCOME TAX RETURNS**

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**

- This form is 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.

● PREPARATION OF 2019 BUSINESS INCOME TAX RETURNS

The IRS cutoff to file your 2019 federal business income tax return is as follows (contact our office directly to discuss dates to file your equivalent state returns):

1.) S-Corporations

Generally, an S-corporation must file its Form 1120-S income tax return and related K-1(s) to each shareholder by the 15th day of the 3rd month after the end of its tax year. For calendar-year filers, the cutoff date for 2019 S-corporation returns is **Monday, March 16, 2020** (the 15th in March 2020 falls on a Sunday).

2.) Partnerships & LLCs filing as Partnerships

Generally, a domestic partnership must file Form 1065 and related K-1(s) to each partner by the 15th day of the 3rd month following the date its tax year ended as shown at the top of Form 1065. For calendar-year filers, the cutoff date for 2019 partnership returns is **Monday, March 16, 2020** (the 15th in March 2020 falls on a Sunday).

3.) Corporations & LLCs filing as Corporations

Generally, a corporation must file its Form 1120 income tax return by the 15th day of the 4th month after the end of its tax year. For calendar-year filers, the cutoff date for 2019 corporation returns is **Wednesday, April 15, 2020**. However, a corporation with a fiscal tax year ending June 30 must file by the 15th day of the 3rd month after the end of its tax year.

4.) Sole Proprietors & LLCs filing as Sole Proprietors

Sole proprietors generally file schedule C as included in their 2019 Form 1040 personal income tax return which is due to be filed by **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.

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**

Both new and existing clients are asked to complete the **Client Data Form** to ensure that we have complete up to date information for all our clients.

2.) Engagement Contract

Please complete the required “Business Professional Services” Engagement Contract

3.) 2019 Tax Season Resources

Scroll to the section labelled Business Client Resources for required specific forms to be completed and submitted

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.

● PREPARATION OF 2019 FIDUCIARY TAX RETURNS

The IRS cutoff to file your 2020 federal fiduciary tax return is as follows (contact our office directly to discuss dates to file your equivalent state returns):

1.) Income Tax Return for Trusts & Estate

Generally, a trust and estate must file its Form 1041 income tax return and schedule(s) K-1 by the 15th day of the 4th month after the end of its tax year. For calendar-year filers, the cutoff date for 2019 trust and estate returns is Wednesday, April 15, 2020.

2.) Estate and Generation-Skipping Tax Following Death

Generally, an estate must file its Form 706 “United States Estate and Generation-Skipping Transfer” tax return within 9 months after the decedent’s death.

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.

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

Both new and existing clients are asked to complete the Client Data Form to ensure that we have complete up to date information for all our clients.

2.) **Engagement Contract**

Please complete the required “Trust Financial Services” or “Estate & Inheritance Financial Services” **Engagement Contract** as applicable.

3.) **2019 Tax Season Resources**

Scroll to the section labelled **Trust, Estate & Inheritance Resources** for required other forms to be completed and submitted

● **PREPARATION OF 2019 NON FOR PROFIT RETURNS**

The IRS cutoff to file your 2019 federal nonprofit return is as follows (contact our office directly to discuss dates to file your equivalent state returns, if applicable):

Generally, a nonprofit organization must file its Form 990 return by the 15th day of the 5th month after the end of its accounting period. For calendar-year filers, the cutoff date for 2019 form 990 returns is **Friday, May 15, 2020**.

Please contact our office for preparation of your 2019 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.

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**

Both new and existing clients are asked to complete the **Client Data Form** to ensure that we have complete up to date information for all our clients.

2.) **Engagement Contract**

Please complete the required “Nonprofit Professional Services” **Engagement Contract**

3.) **2019 Tax Season Resources**

Scroll to the section labelled **Nonprofit Client Resources** for required other forms to be completed and submitted.

The JPT Financial Newswire is a periodic publication of JPT Financial Solutions Inc. This newsletter is distributed as a service to current clients, prospects, business associates & friends. Please feel free to forward this newsletter to a friend or associate who may find it beneficial.

JPT Financial Solutions Inc. is a customer-service driven provider of an umbrella of nonattest professional services including eldercare accounting services, consultation & advisory services, tax return preparation and general accounting services to business and consumer clients.

The greatest compliment you can give is a referral!