

H & R PYE'S TAXSAVER

Another year is coming to an end, leading us to our favorite time of year, tax time! (Ok, that is not necessarily true, but ...)

You may recall that there were a number of changes for the 2018 tax year; those changes are still in place for tax year 2019. Please refer to last year's TaxSaver for a detailed explanation. Don't have a copy? You can find it on our website at www.pyestax.com.

The standard deductions for 2019 have been increased:

- Single/Married Filing Separately: \$12,200
- Head of Household: \$18,350
- Married filing Joint/Surviving Spouse: \$24,400

As a reminder, we no longer receive personal exemptions.

PROOF OF RESIDENCY

If you have children or a qualified dependent that are on your tax return, we must have proof of residency for each child. The IRS will accept **current** letters on official letterhead from schools, medical providers, social service agencies, or places of worship that show the name of the child's parent or guardian, the child's address and the dates the child lived with you. Please note birth certificates are not proof of residency. Proof of residency must have:

- Child's name;
- Physical address;
- At least one parent's name;
- The tax year **2019 MUST** be on the document.

Please be aware, this is not fun for us. It is a requirement of the IRS that paid tax preparers perform due diligence on tax returns. If we file a return that has any type of credit related to a child or qualified dependent, and we have not obtained written verification, we are subject to a \$520 fine PER CREDIT, which in some cases could mean \$2,080 per return.

YEAR END CHECK UP

Now is a good time to review your other important papers such as life insurance policies, investments, annuities, retirement accounts, etc. for your beneficiary designation. You would be surprised how many people forget to change beneficiaries after a major life event such as divorce, death or births/adoptions.

WHY HIRE A TAX PROFESSIONAL?

Did you know there are many different types of tax preparers?

Enrolled Agent: An enrolled agent is a tax practitioner who has technical experience in tax preparation and has passed a three-part exam administered by the IRS and passes a background check. Holly is an Enrolled Agent.

CPA: Certified Public Accountant – is a person who has earned this designation through a combination of education, work experience and licensing. Typically, an individual would not hire a CPA to do their taxes.

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TAX RELIEF

Are you aware that you may be eligible for a Homestead Exemption on your property taxes? If you have owned your eligible property for at least twelve months you may be entitled to this exemption. The exemption is subtracted from your property value, decreasing your overall tax bill. Check your tax bill and see if you are receiving it. If not, contact your town office to apply.

Also, if you are a Veteran you could receive another exemption of \$6,000 on your real estate taxes. Surviving spouses of Veterans are also eligible. Contact your town office to find out how to apply.

DEADLINES

The deadline for filing taxes this year is **April 15th**.

If for some reason you need to go on extension please call us before April 12th to request the extension. If you left your tax appointment with homework, and you do not get your homework to us by **June 1st**; you will be subject to **an additional fee of \$150.00**. Also, as a reminder, failure to submit your homework in a timely manner could result in your being placed on extension.

The same fee will apply if your tax appointment is after June 1st or if we do not receive your tax documentation by June 1st (for those of you who mail or drop off your taxes).

We want to be clear WE DO NOT WANT TO CHARGE YOU this \$150 additional fee. Our hope in implementing this fee is that it will encourage everyone to get their taxes finished earlier in the year, so we can better provide our services to all our clients. Finally, it is our intention to have all tax returns filed and accepted by the governmental agencies no later than September 1st. Please plan accordingly.

H & R Pye's offers more than just tax preparation. By completing the filing of all returns by September 1st, we will have more time to assist you with your other financial needs.

SCAMS

Every year we mention scams – sadly we do not see a time when we won't need to mention them. We are all vulnerable to scams, but our Seniors are more susceptible. Some things to watch out for:

- As a general rule, if you don't recognize a phone number, don't answer it. If it is a legitimate call, they will leave a message.
- A common scam involves someone pretending to be your grandchild and in trouble. If you ever get a call from or about a grandchild or any other relative in danger or trouble, and the immediate request is for cash, you need to pause, calm yourself, say you will have to consult another family member first, and hang up. Then check in with another family member. If the emergency is by any chance real, you can still respond appropriately. If it's not—and the odds point to that—congratulate yourself. You just avoided being on next year's FTC list of those victimized by impostors.
- If you are looking to have work done on your home, be sure to get written estimates from the contractor. Check references. And remember to pay for the services in installments – 1/3 at the time of signing the contract, 1/3 part way through the process (the terms should be spelled out in the contract) and the balance upon completion of the project and you are satisfied with the completed job.
- If you use a computer, make sure you have Anti-virus software and firewalls in place. Always use passwords and make sure when purchasing items on line the web address has the secure symbol:



Not secure Secure

UNDERSTANDING YOUR APPOINTMENT

There are several things that are important for you to know and understand in order to have the best tax experience.

To start, you need to bring the following information with you when you come to your appointment:

- Up-to-date bank information (account number, account type, routing number, and bank name)
- A list of your non-cash contributions with the dollar amounts tallied and all math done (if itemizing)
- Completed Client Information Sheet, checklists and engagement documents (from our website)
- All tax- and income-related mail, opened and unfolded
- Proof of any new dependents
- If you claim the Earned Income Credit, Additional Child Tax Credit, or Education Credit or Head of Household: proof of the dependent's residency (a document with the parents' names, dependents' names, and the address) and our completed EIC Questionnaire

If you bring these materials and other necessary information with you, then we should be able to finish your tax return at the time of your appointment. Then the return goes through our checking process.

This means the return moves from your preparer to the Pye's staff. The staff then scans and assembles your tax packet, checks and double-checks the return, and files it with the IRS and the State of Maine. Once the return is accepted by both agencies, you are called or sent an email and told the return is ready to be picked up.

However, if you do not get us all of your information by the time of your appointment, you will leave with homework. When you have homework, the process changes.

Because our schedules are densely packed from the beginning of tax season to the end, we cannot finish your return as soon as you bring us your homework. Instead, when you bring us your homework, it goes to the bottom of the pile of other clients' completed homework. These returns are then worked on when the preparer has some spare time in between appointments.

This means that even if you have an appointment Monday morning and you bring us your homework Monday afternoon, your preparer cannot work on your return again right away. Instead, they will get to it after they finish the returns of the clients who got their homework in the hour before, or the day before, or the week before, etc.

We understand that this can be frustrating, but it is unfair for us to drop a return from a client who was prepared in order to finish a return from a client who wasn't. And it's impossible for us to give anyone a second appointment because the season is just too busy. So, you can see how important it is for you to come to your tax appointment as prepared as possible.

Also, we need you to let us know immediately if you need to cancel or postpone your appointment. If you are running late, please call us, and understand that our schedule may be too tight to accommodate you, in which case, we will have to move your appointment. If you are sick, please be considerate and call us to reschedule.

We appreciate your understanding.





CONTEST WINNERS

Email Alert Contest: Michael White; Michail & Marilyn Grizkewitsch and Maureen Stanton.

Prescheduled Appointment Contest: Tom & Laurie Dunbar; Richard & Jessica Morton; Gage Sherman; James & Janice Singleton; and Dennis & Joanne Wheeler.

Confirm Your Appointment Contest: George & Sue Woodworth; Joanne Chick; and John & Michelle Wainer.



Do you want to get in on the fun? It's easy – just preschedule your appointment for next year, call us to confirm your appointment by the deadline noted in the newsletter and sign up for our email alerts on our website at www.pyestax.com.

CONTEST DEADLINES

Sign up for our email alerts on our website (www.pyestax.com) by April 15th and be entered into a drawing for a \$50 credit—up to three winners.

Prescheduled Appointment Contest: 5 prizes of \$15 credit each. Deadline is **Friday, January 17th**.

Confirm Your Appointment Contest: Call and confirm your tax appointment by **Friday, January 17th** and be entered into a drawing for three separate \$50 credits.

As always, if you refer a new client to us, you will receive a \$10 **credit memo**.

Fun Stuff

After tax season was finally over, Holly, Cheryl and Linda headed for Disney for a week of fun and relaxation. Cheryl and Linda had a blast – sadly, Holly came down with the flu and only got to enjoy the first few days of our trip.

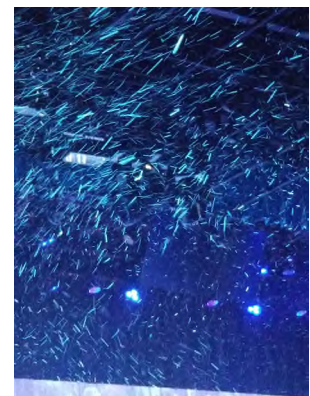


Getting ready to go to Animal Kingdom



Enjoying an evening snack outside our hotel

It does snow in Florida – but only at Disney



INVESTMENT NEWS

Holly is a licensed advisor with Avantax (formerly known as H.D. Vest). She can help you with financial planning, retirement planning or general investing for your future. If you need assistance in this area, please give us a call to schedule an appointment. Typically, your tax appointment does not have sufficient time to get into great detail about investments, so it is best to schedule an appointment.

WHY HIRE A TAX PROFESSIONAL?

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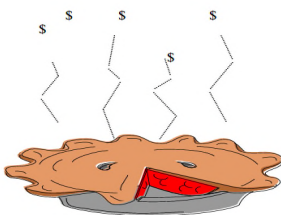
Accountant: An accountant is someone who **usually** has obtained a two or four year degree in some form of accounting, which may include tax preparation.

The guy down the street: Someone who might read up on tax changes, or they might not. They don't sign your return, and they take no responsibility for the accuracy of your return.

So, why should you hire a tax professional?



- **Education:** Enrolled Agents and CPAs are required to complete 30 hours of continuing education each year, including ethics education. By hiring a professional preparer, you can be assured that your preparer has all of the up to date tax information at their disposal.
- **Tax laws change.** Every single year. Sometimes the changes are big like last year. Sometimes there are minor tweaks. This is why it is important to have someone on your side who is required by law to maintain their education.
- **Representation:** If a problem arises with your return, and you need to deal with the IRS, only Enrolled Agents (which Holly is) or CPAs have unlimited representation rights before the IRS.



AFFORDABLE CARE ACT (a/k/a OBAMACARE)

The ACA is alive and well, despite the attempts to eliminate it. The only real change that will take affect this year is the reduction of the penalty owed in the event you do not have health insurance – it is now calculated at 0%. That's right, zero percent. It is important to note that the penalty has not been eliminated, just reduced to zero. This allows for Congress to bring the penalty back if they decide to do so.

If you received an Advanced Premium Tax Credit through the Health Insurance Marketplace, and your household Modified Adjusted Gross Income (MAGI) exceeds the limitations, you are still obligated to pay it back. The amount you must pay back is calculated based on where your MAGI falls in comparison to the Federal Poverty Levels. If your income exceeds those levels by 400% you will have to pay the entire advance premium credit back.



Is this the person to whom I'm speaking?

Just a reminder: when you call the office, PLEASE leave a message. We are not always able to answer the phone, and hanging up and calling back immediately and repeatedly is not productive. Please leave a voice mail with your name, phone number to call you back at, and your questions. We can then try to have the answer for you prior to our calling you back. Or, if you'd prefer, you can email your questions to Cheryl (cheryl@pyestax.com) or Linda (Linda@pyestax.com). Thank you.

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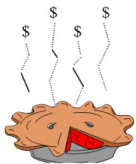
E-Mail:
cheryl@pyestax.com

**Don't pass the Pye's by or your
taxes may be too high!**

We're on the Web!

Visit us at:

www.pyestax.com



**See page 2 for details on how you can avoid paying
more for your tax preparation!**

