

CHECKLIST OF ITEMS THAT MAY AFFECT YOUR 2016 TAX RETURN

* New for 2016 Tax Year

Identity Theft

- **NYS Driver License.** New York State is requiring information from your NYS Driver License or Non-Driver ID starting in tax year 2016. This additional data is being used to combat identity theft and fraud. If you do not have a license or State ID (e.g. minors), we are able to indicate “no ID.”
 - Please include a readable copy of the front and back of your NYS Driver License or NYS Non-Driver ID.

Continuing for 2016 Tax Year

- Key provisions that were **temporarily extended** through tax year 2016 and set to expire after 2016:
 - Exclusion of cancelled qualified principal residence mortgage debt, subject to a maximum exclusion of 2 million
 - Residential energy credit for insulation, storm windows, furnaces, boilers, heaters and central air conditioning installed in a principal residence (overall credit limit is \$ 500 which includes previous tax years)
 - Above-the-line deduction for tuition and fees which allows up to \$ 4000 deduction, provided the taxpayer falls within the income limits
 - Itemized deduction for mortgage insurance premiums

2016 Amounts

2016 Standard Mileage Rates:

- Business: \$ 0.54/mile
- Medical & Moving: \$ 0.19/mile
- Charitable: \$ 0.14/mile

2016 Standard Deductions:

- Single or MFS: \$ 6,300.00
- MFJ or QW: \$12,600.00
- HOH: \$ 9,300.00
- If blind or age 65 or older, additional deduction per event:
 - MFS, MFJ or QW: \$ 1,250.00
 - Single or HOH: \$ 1,550.00

Personal Exemption: \$ 4,050.00

Social Security Tax:

- Employee Share: 6.2%
- Employer Share: 6.2%

Personal Data/Helpful Information

- Birth dates** of taxpayers if new client.
- Name, social security number and dates of birth for **new dependents**.
- Changes to **marital status** or **address** during 2016.
- Permanent or total **disability** or **blindness** for taxpayer or spouse.
- Copy of last year's return (if new client).
- Copy of any notices received from IRS or State.
- Direct Deposit of Refunds:** account #, routing #, bank name, checking or savings (please attach a voided check for checking accounts or a deposit ticket for savings account).
- Expected **substantial change** in income, deductions, or dependents for 2017.
- Indicate for each individual listed on your tax return the months in 2016 they had **health insurance**.
- For NYS returns, include a readable copy of the front and back of your **NYS Driver License** or **NYS Non-Driver ID**.

Income

- Income from employer—**W-2s**.
- Interest—**1099-INT**.
- Dividends—**1099-DIV**.
- Sale of Securities—**1099-B** (see Stocks/Mutual Fund sales below).
- Annuities, pension, IRA, retirement plan withdrawals—**1099-R**.
- State tax refund—**1099-G** (*if we did your tax last year, we have that data*)
- Unemployment compensation—**1099-G** (**NYS does not mail these anymore—if you had unemployment, you will need to get the form online**).
- Social Security income—**SSA-1099**.
- Commissions/Fees/Non-Employee Income—**1099-MISC**.
- Merchant Card/Third Party Network Payments—**1099-K** (no place to report as of yet, but important for tax preparer to examine).
- Proceeds from sale of real estate—**1099-S** (see Real Estate below).
- Education Savings Account or 529 Plan Withdrawals—**1099-Q**.
- Health Savings Account Withdrawals—**1099-SA**.
- Cancellation of Debt—**1099-A** or **1099-C**.
- Income from partnerships, trusts, estates, or S-Corps—**K-1**.
- Gambling or Lottery winnings—**W-2G**.
- Tip income not reported by your employer.
- Self-employment income (*see Schedule C worksheet*).
- Jury duty pay.

- Rental Real Estate income or Royalty income (*see Schedule E worksheet*).
- Other income not reported above.

Health Care Coverage Forms

- Indicate each month you, your spouse and all dependents were NOT covered by health insurance.
- 1095-A**—for health insurance coverage in the marketplace.
- 1095-B**—for private health insurance coverage.
- 1095-C**—for employer-provided (or offered) health insurance coverage.

Stocks/Mutual Fund Sales—required information

- Date security was purchased (usually obtainable from broker or on 1099-B).
- Purchase price (cost-basis) (usually obtainable from broker or on 1099-B).

Real Property

- Sales or purchases of real property in 2016, provide **Closing Statement** or **CD** statement.
- For purchases of principal residence any time from April 9, 2008 to Dec 31, 2008 with the **first-time homebuyer credit**, you will continue to make your \$ 500.00 repayment (“recapture”) of this credit on your 2016 tax return. The credit is paid back over 15 years, and is interest-free. If the home is sold or is no longer your principal residence, the entire credit is recaptured in that year, not to exceed the gain, if any, on the sale.
- Rental real estate**, provide rental income and expenses (*see Schedule E worksheet*).
- Real estate taxes** for principal residence and other real property (vacation homes, vacant land).
- Mortgage interest** paid or qualified **mortgage insurance premiums** paid. (Usually reported on **1098**).

Education—Teachers and Students

- Teachers/Educators**—provide out-of-pocket classroom costs.
- Student Loan Interest** paid (reported on **1098-E**) (**Please note that these are usually available online and are not typically mailed**)
- College Tuition/Expenses** for taxpayers and/or dependents. Please provide the **year of school** (i.e. freshman, graduate school, etc.) and the **1098-T**. This will be in the name of the student, but if the student is a dependent, it should be included with the parent/guardian return. If available, in addition to 1098-T, also provide a transcript/receipt from school showing tuition paid. **Please note that we must have a copy of the 1098-T in order to take the credit this year. If you did not receive the form, you may want to contact the school.**
- Interest on Savings Bonds** redeemed by a taxpayer in order to pay for qualified education expenses may be excluded from income.
- 529 Plan Contributions** (up to \$10,000.00 for MFJ) **are deductible** on **NYS** returns, provided the contribution is to a **NYS 529 plan**. Please provide the statement showing the contribution so we can determine if it is deductible.
- Education Savings Account** or **529 Plan Withdrawals** (usually reported on **1099-Q**).

Itemized Deductions (used if higher than standard deduction):

- Medical/Dental Expenses**, including health insurance, long-term care insurance premiums paid, medical mileage, co-pays to doctors, etc. Medical and Dental expenses are deductible to the extent they exceed **10%** (7.5% if 65 or older) of adjusted gross income. *(See Medical Expense Worksheet).*
- State Income Tax Paid** or **Sales Tax**, whichever is greater (for sales tax, you do not have to provide receipts or actual amounts unless you made significant/large purchases (i.e. cars, boats)).
- Property Taxes** paid on residence and/or other real estate.
- Mortgage Interest** points/mortgage insurance premiums (Form **1098**).
- Charitable Contributions** and/or mileage. For cash donations, you must retain for your records the bank record, credit card statement or written communication from the charity.
For non-cash items, provide date of contributions, items contributed, and charitable organization name and address. *(See Charitable Expense Worksheet).*
- Casualty or Theft Losses**. Deductible to the extent it exceeds 10% of adjusted gross income.
- Misc. Expenses**. These include un-reimbursed employee business expenses; tax preparation fees; attorney fees if tax related; investment expenses (i.e. investment advisor fees, publications); job search costs; safe deposit rental fees; union dues; uniforms, etc. These expenses are deductible to the extent **they exceed 2%** of adjusted gross income.

Child Care Expenses

- Amount paid to childcare provider in order for parent to work or go to school
- Provide care provider's **name, address and tax ID number**
 - If more than one child, amount paid must be separated for each child

Other Deductions/Credits

- Retirement Plans—2016 limits:**
 - **IRA Contribution limits:** Under age 50: \$5,500; 50 and over: \$6,500.*
 - **SIMPLE Deferral limits:** Under age 50: \$12,500; 50 and over: \$15,500.
 - **401(k)/403(b) Deferral limits:** Under age 50: \$18,000; 50 and over: \$24,000
 - **SEP (self employed) IRA limits:** 20% of net SE income after ½ SE deduction, not to exceed \$53,000.00.

**IRA contribution is the lesser of actual compensation or the amounts above and deductibility is subject to phase-outs for Modified Adjusted Gross Income if covered by an employer retirement plan. Contribution can be made up to April 18, 2017 for 2016 tax year deduction.*
- Alimony Paid** include recipient's name and social security number.
- Long Term Care Premiums** paid during 2016. If married filing joint return, please specify whose policy (husband or wife) and how much paid for each. If you do not meet the threshold to deduct medical expenses, you may be able to take advantage of the NYS long term care insurance credit.
- Military**. Indicate if you are a member of the military or a reservist. Many of the tax provisions outlined in the checklist have special rules if member of the military.

- Moving Expenses** for moving due to job change. Provide date of move, mileage from old home to new job; mileage from old home to old job. Please note that the cost of meals while traveling, temporary living expenses and/or house hunting costs before the move are not deductible. Travel expenses are limited to one trip per person.
- Adoption.** Expenses up to \$13,460 per child, associated with the adoption of a child. This is no longer a refundable credit meaning you only receive the credit up to your tax liability.
- Estimated/Quarterly Tax Payments** indicate date and amount paid for federal and state. Please note that payments made in January **2017** are for the **2016** tax year and should be included.
- Active Volunteer Firefighter or Ambulance Worker Credit** - A NYS credit. Provide fire department name and address.
- Self-Employment Expenses** (e.g. mileage, home office expenses, insurance, self-employed health insurance, rent, materials, supplies, etc) (*See Schedule C worksheet*).
- Health Care Savings Account**--indicate contribution and distribution amounts (1099-SA), and whether made by taxpayer or employer. Also, if distributions are made, indicate if they were made for qualified medical expenses. (Over-the-counter medication is not a qualified medical expense unless specifically prescribed). HSA contributions can be made as late as April 18, 2017 and count for tax year 2016. The contribution (deduction) limits are:
 - Self-only coverage: \$3,350 (\$ 4,350 for 55 and older)
 - Family coverage: \$6,750 (\$ 7,750 for 55 and older)
- Nursing Home Assessment Credit** - A NYS credit. Provide a copy of the nursing home bill showing the amount of the NYS assessment paid for the year.

Worksheets noted throughout this checklist can be found on our website www.highfallsadvisors.com by selecting "Tax Tools" under the "Client Resources" tab or by calling our office at (585) 935-5300.