

Virgin Consulting LLC

Tyler A. Virgin CPA, MBA, CGMA

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Dear Clients and Friends,

Although you can't avoid taxes, you can take steps to minimize them. This requires proactive tax planning — estimating your tax liability, looking for ways to reduce it and taking timely action. To help you identify strategies that might work for you, we're pleased to present this brief tax-planning guide.

I wanted to make this letter entertaining and witty however my wife informed me that I am neither so just write about the facts. I guess that is why I became a CPA and she is always right about everything. I hope that you find this letter useful and I apologize that you don't get a heavy dose of Tyler comments. There is always next year??

New Items of Interest

Protecting Americans From Tax Hikes Act of 2015 (PATH Act)

- American Opportunity Tax Credit for an eligible student for qualified educational expenses has been made permanent and increased to \$2,500.
- Teacher Classroom Expense Deduction is now permanent and the \$250 limit will be adjusted for inflation starting in 2016.
- Charitable Distributions from IRAs has been permanently extended for individuals age 70 ½ and older to qualified charitable organizations.
- Qualified Tuition and Related Expense Deduction has been extended through 2016 as an above-the-line tax adjustment for post-secondary education.
- Mortgage Insurance premium Deduction has been extended through 2016 as an itemized deduction.
- Residential Energy Credits have been extended through 2016, of up to 10% capped at \$500, to include adding insulation. Energy efficient exterior windows, energy efficient heating and air systems.
- College Savings 529 Plans now include computer equipment and technology as qualified expenses. 529 Plans now allow the redeposit of funds without penalty in certain circumstances when tuition is refunded.
- For businesses Code Sec. 1479 Expensing has been permanently set at a limit of \$500,000 with a \$2 million overall investment limit.
- For businesses Bonus Depreciation is expended under a phase-down schedule through 2019 for only new property.

2015 Retirement Plan Limits (Contribution cut off is April 18, 2016 for 2015)

- Maximum 401(k) plan elective deferral: \$18,000 (plus \$6,000 catch-up for age 50+)
- IRA / Roth IRA contribution limit: \$5,500 (plus \$1,000 catch-up for age 50+). Phase-out limits apply for certain income brackets.
- Defined Contribution Plan (i.e. SEP IRA) contribution limit: \$53,000 or 100% of compensation, which ever is less.

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2015 Tax Year Quick Guide

Individual Tax Returns (Form 1040) are due on **April 18, 2016** with the final extension date of **October 15, 2016**.

2015 Tax Brackets

Tax Rate	Single	Married/Joint & Widow(er)	Married/Separate	Head of Household
10%	\$1 - \$9,225	\$1 - \$18,450	\$1 - \$9,225	\$1 - \$13,150
15%	\$9,226 to \$37,450	\$18,451 to \$74,900	\$9,226 to \$37,450	\$13,151 to \$50,200
25%	\$37,451 to \$90,750	\$74,901 to \$151,200	\$37,451 to \$75,600	\$50,201 to \$129,600
28%	\$90,751 to \$189,300	\$151,201 to \$230,450	\$75,601 to \$115,225	\$129,601 to \$209,850
33%	\$189,301 to \$411,500	\$230,451 to \$411,500	\$115,226 to \$205,750	\$209,851 to \$411,500
35%	\$411,501 to \$413,200	\$411,501 to \$464,850	\$205,751 to \$232,425	\$411,501 to \$439,200
39.60%	over \$413,200	over \$464,850	over \$232,425	over \$439,200

Net Investment Income Tax

3.8% of the lesser of net investment income or the amount of modified adjusted gross income over \$200,000 (Single) and \$250,000 (Married Filing Joint).

Long-Term Capital Gain Rates

Zero tax rate for gains that would otherwise be taxes at the 10% or 15% rates; 15% for gains that would be taxes at the 25%, 28%, 33%, or 35% rates; and 20% for gains that would be taxed at the 39.6% rate.

Personal Exemption \$4,000 per claimed dependent

Standard Deduction

Filing Status	Standard Deduction	Additional For Over 65+ or Blind
Single	\$3,600.00	\$1,550.00
Married Filing Jointly	\$12,600.00	\$1,250.00
Married Filing Separately	\$6,300.00	\$1,550.00
Heads of Household	\$9,250.00	

Standard Mileage Rate

Business: 57.5 cents per mile

Medical and Moving: 23 cents per mile

Charitable Services: 14 cents per mile

Lifetime Learning Credit

Tax Credit of 20% of up to \$10,000 of qualified tuition and related expenses, up to \$2,000 maximum. Phase-out limits apply for certain income brackets.

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2016 Tax Year Planning

2016 Tax Deadline Changes (2016 tax returns prepared during the 2017 tax filing season)

Form	Current Due Date	NEW Due Date
Form 1065 – Partnerships	April 15th	March 15th
C Corporations	March 15th	April 15th
Form 1065 – Partnerships Extension	September 15th	September 15th
Form 1041 – Estates and Trust Extension	September 15th	September 30th

- Partnership and S Corporation tax returns will be due the 15th day of the third month after the end of their tax year. The filing date for S Corporations is unchanged.
- C Corporation tax returns will be due the 15th day of the fourth month after year end.

The Home Office Safe Harbor Deduction

The optional home office safe harbor deduction is limited to \$1,500 per year based on \$5 per square foot for up to 300 square feet and is in lieu of actual expenses.

2016 Retirement Planning Limitations Remain Unchanged from 2015 Limits

2016 Gift Tax Exclusion Limitation Remains Unchanged from 2015 at \$14,000

2016 Health Savings Account (HSA) Contribution

The contribution limit for individual policies will remain at \$3,350, but the maximum contribution for family policies will rise by \$100 to \$6,750. (plus \$1,000 catch-up for age 55+).

The Affordable Care Act Penalties

Imposed penalties for those not having qualifying health care coverage for 2016 will be \$695 per adult, or 2.5% of income. A family maximum will apply to the per-person amount, but the \$2,085 amount will be substantially higher than the \$975 in 2015, and the \$285 in 2014.

Thank you for allowing me to serve your tax filing needs. Our firm is deliberately small because we specialize in small town values with a personal touch accessible anywhere through the cloud. I am passionate about providing quality accounting and financial services for you and your family. I care about the growth of small businesses and personal finance and strive to build meaningful relationships. My goal is to help you save money and become more efficient so you can concentrate on what makes you great.

If you have any additional questions or would like to discuss this subject further do not hesitate to contact me at tyler@virginconsultingllc.com or 740-646-8850.

Best Regards,



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Please provide the following Tax documents needed to prepare your return

W2	1099-INT
1099-DIV (or 1099-Comp)	1099R
W2G	Taxpayer's SSA-1099
Spouse's SSA-1099	1099-Misc
1099-Misc	1099-Misc
1099-Misc	1099-Misc
1099-Q	1099-B
K-1 Partnership	K-1 Scorp
K-1 Trusts	1098 Home Mortgage
1099-G Unemployment Compensation	

Please provide the following information needed to prepare your tax return

NEW CLIENTS: Please Provide a copy of last years tax return. _____

Has your address changed in 2014? _____

Did your marital status change before 12/31/2014? _____

Could you be claimed as a dependent on another person's tax return? _____

Were there any changes in dependents? _____

Please provide legal name, date of birth, and social security number of new dependent. _____

Did you have any child or dependency care expenses? Please include care provider's name, address, SSN, and amount. _____

What is your occupation? _____

Did you change jobs or receive unemployment? _____

Did you work as a consultant, contractor, or own a business? If so, please provide all business expenses and vehicle miles. _____

Are you required to travel between job sites (either primary job or second job)? _____

Did you receive any other income not listed above? _____

Did you earn interest on savings, checking, CDs, or money markets? _____

Did you buy or sell stocks, mutual funds, bonds, or other investment properties? _____

Did you buy, sell, or refinance your home? _____

Was your home rented out or used for business? _____

Did you buy or sell rental property? _____

Did you incur a loss because of damaged or stolen property? _____

Did you donate money, clothes, cars, or stock? _____

Did you pay interest on a student loan? _____

Did you, your spouse, or a dependent incur any tuition expenses that are required to attend a college, university, or vocational school? _____

Did you incur any tuition or continuing education expenses? _____

Please provide the following information needed to prepare your tax return

Did you receive a distribution from or make a contribution to a retirement plan (401(k), IRA, etc.)? _____

Did you transfer or rollover any amount from one retirement plan to another retirement plan? _____

Did you convert part or all of your traditional, SEP, or SIMPLE IRA to a Roth IRA in 2013? _____

Did you make or do you plan on making an IRA or Roth IRA contribution for 2014? _____

Health Savings Account contributions, distributions, and unreimbursed qualified medical expenses. _____

Did you incur any significant out of pocket medical and dental expenses? _____

Did you drive long distances for medical care? _____

Would you like to use the same direct deposit information provided last year? _____

For direct deposit, please provide your bank name, routing number, and account number? _____

Do you want to electronically file your tax return? _____

May the IRS discuss your tax return with me as your preparer? _____

Please list any questions or other concerns you might have. _____