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*Is Mr. Bill moonlighting
in Ketchikan, Alaska?*

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Are You Really You?!

It seems there is news about personal data compromises on an almost daily basis. Keep in mind we hear only about the breaches that have been discovered. Each discovery leads to improved protection, although the “bad guys” seem to always be a step ahead. It is depressing to think that the very technology we love can also be a threat.

In our office, we take every precaution to protect your identity. We will increase the complexity of passwords protecting documents we email to you and we will change how we communicate this information to you. We protect your personal information in our office procedures and our computers are all encrypted.

We now ask all clients to TURN OFF (not merely put on mute or vibrate) their cell phones when in our office. The IRS, ODR and our class instructors strongly urge this policy to increase client privacy and security. We realize this will be an inconvenience for some, but we hope you know this request is not personally directed at anyone.

Out of the hundreds of returns our office files each year, very few of our clients have been affected by tax filing fraud. We had our first case of tax identity theft in the 2012 filing year, where the taxpayer’s social security number had been stolen and was used to file a false return. A handful of our clients were impacted in the 2013 filing year. Some of these people were compromised a second time in the 2014 filing year. When tax fraud happens, the taxpayer must file their return by mail and file an affidavit of identity theft with the IRS. The IRS may issue the taxpayer a special Identity Personal Identification Number that must be used for future electronic filing. This number must be protected and not lost as the IRS will not reissue it.

On your side, you should be protecting your personal information. Keep your old tax returns and supporting documents in a secure place. Exercise caution when providing your Social Security number to medical offices, businesses, etc. You can always ask why it is needed before you provide it. Of course, never ever provide your private information unless you know why it is needed and how it will be used. Use discretion when conducting business over the internet and open emails only from people you know and trust. Keep track of your business affairs. Open and

scrutinize bank statements, credit card bills, etc. Archive copies of important business and purchases you make over the internet.

When you contact our office to request a copy of your tax return or W-2 be sent to a third party, we may ask for your written permission. If your mortgage broker contacts us, we will request proof that you have signed a release allowing us to disclose your personal information. Similarly, when we ask you to get specific information that we need to complete your tax return you may choose to give us written permission to follow up with your broker, former tax professional, bank, etc.

The big data breaches, that make the news, are generally outside our control. Businesses and organizations get hacked because information they hold is “attractive”. Stolen personal information can be used to create an identity that may allow the “thief” to steal even more personal information. This seems to be the case with the most recent, big data theft at the IRS. The data thieves had already acquired taxpayer personal information and used it to get into the IRS computers to steal more data and create false returns.

IRS and ODR “Love” Letters!

If you receive a letter from the IRS, ODR or other tax agency, **please remember to forward a copy to our office for our files.** If the letter is adjusting your tax return and either reducing or increasing a refund or billing you for additional tax, we must have a copy of the letter in order to accurately prepare next year’s return. If you receive a letter asking for more information in order to process your return or to resolve discrepancies, we must have a copy if you want us involved in responding. If you are responding, it is still a good idea to send us a copy of the letter.

We NEVER receive copies of letters issued by the Oregon Department of Revenue so it is especially important to forward copies to us. The only time we receive copies of IRS letter is when Bill has a Federal Power of Attorney form for you, and then it only covers certain years.

What to Keep and For How Long

Here is our best guidance on what documents to keep and how long to keep them. Electronic records are becoming more accepted so scans of original documents may help with storage space!

Tax Returns – keep at least 4 years from the filing date. To be very safe, keep them forever. Generally we advise keeping copies of returns and documents used to support the information on the return for 7 years. The IRS can go back to the 3 open years to question a return, or up to the past 6 years in some cases. If tax fraud is suspected, the IRS can open up all and any years.

Home Purchases and Mortgages – Keep the final HUD-1 closing statements until you sell the property plus 4 years.

Investment Records – keep for the length of time you have the investment (stocks, land, etc.); make sure you have the original purchase information. If the investment was originally a gift to you (shares of stock, for example), you should find out the original purchase price and date because that will be your basis for tax purposes.

Home Improvements – while most of us probably won't ever pay tax on the sale of our personal residence, it is still a good idea to keep track of capital improvements that add to value of the home like additions, landscaping, upgrades to the furnace/air conditioning, etc. Keep these records until you sell or convert your primary residence into a rental property, plus 4 years.

(continued below)

Records to Keep (continued)

Business Records – if you own your own business, the conservative advice is to keep the general ledger and payroll records for the duration of your life. At a minimum, keep these records for as long as you own the business plus 7 years. Keep records of your business assets and purchases for as long as you own the asset plus 7 years.

Rental Homes and Property – keep the original closing statements from the purchase and keep track of all capital improvements for as long as you own the property plus 7 years. Keep the sales documentation for 7 years after the sale.

Personal Documents such as utility bills, personal bank and credit card statements, personal receipts, can usually be safely discarded (shredded or burned) a year or two after the date of issue.

Records of a Deceased Person should be kept until the estate is fully settled plus 4 years.

When in doubt – Play it safe and keep it! A single guideline won't fit every situation.

Extension Deadline Alert

If you requested an extension to delay filing your 2014 tax return, it is time to prepare and file your return. Our upcoming office closures will squeeze the time we have available. Evening appointments will be available but no weekend appointment times. Here are the dates Bill will be out of the office:

Friday, 31 July	21-25 August
7-14 September	24-25 September

Upcoming Important Tax Due Dates

31 July – 2nd Quarter 2015 Payroll Tax Reports and Payroll Tax Payments

15 September – 3rd Quarter 2015 Personal Tax Estimates

15 September – 2014 Partnership, Corporation and Trust Returns due

15 October – 2014 Personal Tax Returns due

31 October – 3rd Quarter Payroll Tax Reports and Payroll Tax Payments