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Okay...so we may not be as skilled in yoga as this sandhill crane, but Dirk, the office mascot, is making sure we are in shape for the upcoming tax season!



November 2014

Our preparation has already begun for the upcoming tax season! Congress still must decide whether several popular tax breaks will be renewed for the 2014 tax year including the sales tax deduction, educator deduction and mortgage interest premium deduction. No matter the outcome, we will be on top of it for you!

Health Insurance and Taxes for 2014

One of the most important questions we will have for you when preparing your 2014 taxes will be whether you had **health insurance coverage in 2014 and for how many months**. We will ask the same question regarding every member of your household that is on your tax return. This is required by the Affordable Care Act. If you or your family members were not covered for the whole year, you may incur a tax penalty.

New tax forms are being created to report health care coverage. If you receive one of these new forms, be sure to put it with your tax information and bring it to us. Form 1095-B will be issued by insurance companies and will report health coverage for the policy holder and covered individuals. Form 1095-C will report Employer-provided health insurance. Both forms will show the months of insurance coverage for each individual on the policy.

For 2014, this reporting is voluntary. If you do not receive a 1095-B or 1095-C, we will need to know the following for each member of your household who will be on your tax return:

- ◆ Name of the Health Insurer for 2014; you may have more than one and the insurers may be different for other members of your household.
- ◆ Number of months of coverage by each insurer for each household member.

Because of the complicated nature of reporting health care coverage and potential penalties, ***we advise you discourage your dependent children, especially college students, from filing their own returns until after you have filed yours***. Similarly, if you are married but usually file separately from your spouse, you should know what your spouse is reporting.

People who secured their health insurance through a Health Insurance Exchange will receive Form 1095-A. Only those who went through an

Exchange to purchase insurance will be eligible for the Premium Tax Credit. To determine the amount of the credit, form 8962 will be completed and submitted with your tax return. If you received a premium subsidy based on your expected 2014 income, the actual credit amount to which you are entitled will be reconciled on the tax return. Taxpayers applying for the Premium Tax Credit cannot use Form 1040-EZ to file their taxes.

Some taxpayers will qualify for an exemption from required coverage, to avoid the penalty assessed for lack of health insurance coverage. However, ***the exemption must be applied for and received PRIOR to filing your tax return***. This process can be quite complicated and lengthy. If you feel you qualify for an exemption, you should not delay in applying. ***There are 14 circumstances that may qualify you and your household members for an exemption***. Additional information and links are available on our website under ***Tax News You Can Use***. Exemptions may be granted for only a few months and might not include the full year.

Former spouses who alternate which parent claims the dependency deduction for a child should note that whoever claims the child will also be responsible for any penalty due to the child's lack of health insurance.

Did You Know...?

- ◆ Both the IRS and Oregon can use some or all of your tax refund to pay past federal or state tax debts and other outstanding liabilities such as past due child support, student loans, parking tickets and unemployment payback. You will receive correspondence explaining how your refund was applied. If you believe you do not owe the debt, contact Mr. Bill for assistance.
- ◆ If you have a large tax bill, you might be better off paying the taxes with a credit card. You may pay less in fees and interest than the IRS interest and penalties. If credit cards are not an option, set up a payment plan or simply send as much money as you can every time you receive a billing letter. The worst thing you can do is ignore a tax bill.
- ◆ To be considered a "real estate professional" for tax purposes, you must spend over 50% of your working hours materially participating in real estate activities.



This and That

- ◆ All gambling winnings are taxable. You may deduct losses to the extent of your winnings, as an itemized deduction. To deduct losses, you should have some documentation from the casino, proof of lottery tickets purchased, etc.
- ◆ The maximum contribution limits on retirement plans will increase in 2015:

Plan Type	Maximum Contribution	Maximum Age 50+
401(k), 403(b), 457	\$18,000	\$24,000
IRA, Roth IRA	\$5,500	\$6,500
SIMPLE IRA	\$12,500	\$15,500

It is never too late to start contributing to your retirement. Social Security alone will probably not support you in your retirement years.

- ◆ The Social Security wage base is \$118,500 for 2015. Individuals who reach this earning threshold in 2015 will not incur Social Security tax withholding for the rest of the year. Individuals who earn more than this amount from several employers will receive a credit for excess withholding on their tax return.
- ◆ If you turned 70 or 70½ in 2014 and you have an IRA, you may need to take a distribution before the end of 2014. If you have not, contact Mr. Bill to see if you are required to do so.
- ◆ If you or your spouse were born in 1952 or earlier, you may be entitled to a special Oregon Medical subtraction. In order to calculate it, **we must have all of your 2014 medical payouts separated by each spouse, including insurance and mileage.** Remember only the bills you actually paid in 2014 can be included in the subtraction.

Happy Thanksgiving!

“You Will Be Arrested and Go To Jail...”

There is a terrible telephone scam currently active in the Portland Metro area and elsewhere. A caller identifies him/her-self as an IRS agent and proceeds to inform you that a large sum of back taxes is owed for a previous tax year. You are instructed that to avoid imminent arrest, you need to pay your tax bill with a specified form of payment. Callers are often aggressive and may be insulting. The caller may even have some of your personal information and the caller ID screen may even appear to be from the IRS. The call seems very real. **DON’T FALL FOR THIS SCAM!!!**

First of all, if you truly owe money to the IRS or any other tax agency, you know the first contacts are always by the US Mail. And you will receive multiple pieces of correspondence prior to notification of enforcement action, which is generally a tax lien or levy. If you contact our office, we can tell you if you owed money or received a refund for the tax year in question.

If you think you have received a fraudulent call, the IRS suggests reporting it to the Treasury Inspector General for Tax Administration at 1-800-366-4484. You can also use the Federal Trade Commission’s FTC Complaint Assistant at FTC.gov to file a complaint. In Oregon, you can contact the Oregon Department of Justice .

Sometimes the scammers send emails. Never, never respond to these either. The IRS never makes contacts via email.

Office Closures

- The office will be closed on the following days:
- 26 November until 1 December
- 25 and 26 December
- 1 and 2 January 2015

We will mail out our 2014 Tax letter in about 6 weeks. Please make sure we have your current mailing address. Let us know if you would like a detailed tax organizer this year.