

ATA CPA GROUP, LLC

1918 Route 27, Edison, NJ 08817

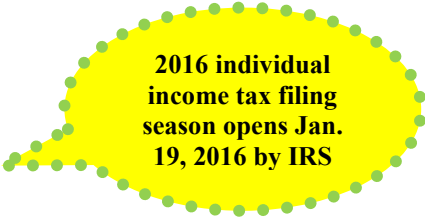
TEL. (732) 777-9330

www.atacpa.com

FAX. (888) 589-2570

January 18, 2016

Dear Client,



2016 individual
income tax filing
season opens Jan.
19, 2016 by IRS

Happy New Year!

This is the 23rd year that we welcome you back to our professional accounting and tax services. We are honored to have served you all these years. We are proud to report that our professional team of 11 staff, including 4 CPAs, is the most experience and reputable tax preparers in the region. We have completed rigorous training for the new tax laws and look forward to preparing your tax returns, providing you with tax saving tips, and guiding you through the complicated tax law.

As usual, you can drop by our office, mail, email, or fax over your tax documents. We can also send you a drop-box file to upload your documents. When your return is ready to review, we can email you, set up a meeting via join.me, Line and Wechat or have a face to face conversation in our office. The following is a document checklist for your reference.

PERSONAL INFORMATION:

- Any changes in 2015? Did you get married, have a new baby, move to a new house, child attending college, kid finally move out the house, retired?
- If you are the 1st time client, we will need date of birth and social security numbers of you and everyone related with your tax return. Please bring us your prior year's tax return, and we will review them for you.

INCOME: You need to report your worldwide income and foreign financial institutions accounts!

- **Form W-2**, wages and tax statement
- **Form 1099-INT**, interest income
- **Form 1099-DIV**, dividends and distributions
- **Form 1099-MISC**, miscellaneous income, records of all expenses associated with this income.
- **Form 1099-B** or **1099-S**, proceeds from broker and barter exchange transactions. Copy of brokerage realized gain/loss report if possible.
- **Form 1099-R**, Distribution from pensions, annuities, retirement plans, or IRAs, etc.
- **Form 1099-G**, Unemployment compensation
- **Form 1099-A** or **1099-C**, cancellation of debt.
- **NJ Homestead Rebate Amount**
- **Form 1099-SA**, Distributions from an HSA
- **Any other income** including gambling income, alimony received, jury duty, prizes and awards, etc.

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DEDUCTIONS:

- ***NEW* Form 1095-A**, Health Insurance Marketplace Statement, individual who enrolled in a qualified health plan through the Marketplace.
- ***NEW* Form 1095-B**, Qualifying health care coverage statement furnished by health care provider.
- ***NEW* Form 1095-C**, Qualifying health care coverage statement furnished by employer.
- Medical and dental expenses paid by you, but not reimbursed by insurance.
- Real estate taxes, sales tax receipts for major purchases, and investment interest.
- **Form 1098-INT**, Mortgage interest paid.
- Charity contributions – cash and non-cash. A receipt is needed for any contribution over \$250.
- Unreimbursed employee expenses – job travel, union dues, job education, etc.
- Child and dependent care expenses –care provider’s tax id#, address, and amount paid.
- Job related moving expenses.
- **Form 1099-HSA & Form 5498-SA**, Contribution made to a Health Savings Account.
- **Form 1098-T**, Qualified tuition and fees paid for colleges and certain vocational schools.
- **Form 1098-E**, Student loan interest paid.
- Expenditure on energy efficient upgrades to your home.
- Self-employed health insurance premium paid.
- IRA, Roth IRA, self-employed SEP, SIMPLE and qualified plans deductions.
- **HUD-1**, closing statement for any real estate transaction during the year 2015 including, purchase, sale, refinancing and foreclosure of real estate property.

If you have any questions or want to make an appointment with our office, please call **732-777-9330**, visit our website at www.atacpa.com, or send us an email at info@atacpa.com.

Sincerely,

Grace Fan, CPA

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TOP TAX ISSUE FOR 2016

1. Affordable Care Act (“ACA”) changes for individuals

The individual mandate penalty increases to the higher of 2 percent of yearly household income or \$325 person per year, with a maximum penalty per family for those using this method of \$975. In addition, federal poverty level guidelines, used to determine if the individual qualifies for subsidy, have increased.

2. ACA provisions’ impact on businesses

Applicable large employers who have on average of 50 or more full-time equivalent employees in the prior calendar year must offer minimum essential coverage that is affordable to their FTEs and their dependents, or be subject to an employer shared responsibility payment. Transition relief for 2015 exists for ALEs with fewer than 100 FTEs in 2014, and only requires employers to offer minimum essential coverage to 70 percent of full-time employees and their dependents in 2015.

3. New forms to contend with

The Form 1095-B and Form 1095-C, which were optional for calendar year 2014, must be filed by any person that provides minimum essential coverage to an individual (1095-B) and by applicable large employers (Form 1095-C) who had on average at least 50 full-time equivalent employees during calendar year 2015 or small employers who are member of a controlled group that collectively had at least 50 FTEs and who offer an insured or self-insured plan or no group health plan at all.

4. Increase in identity theft

Under new policies announced by the IRS, taxpayers may receive a letter when the service stops suspicious tax returns that have indications of involving identity theft but contain legitimate taxpayer’s name and/or Social Security number. The IRS has agreed to reverse its policy and provide identity theft victims with copies of the fraudulent tax return that has been filed under their name by scammers, so they can take the proper steps to secure their personal information. An IP PIN is a six-digit number assigned to eligible taxpayers that helps prevent the misuse of their SSN on fraudulent federal income tax returns.

5. Trade legislation tax changes

The Trade Preferences Extension Act of 2015 contains a number of tax provisions in addition to its trade measures. Taxpayers who exclude foreign earned income under Code Section 911 cannot claim the child tax credit; taxpayers must receive a payee statement (1098-T) before they can claim an American Opportunity, Hope, or Lifetime Learning Credit or take the deduction for qualified tuition and related expenses. This is effective for tax years beginning after the TPEA’s date of enactment. (Year 2016)

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6. New filing deadlines

In observance of Emancipation Day on Friday, April 15, 2016, taxpayers will have until April 18, 2016, to file their 2015 individual returns and make their first 2016 estimated tax payment. Taxpayers in Maine and Massachusetts will have until April 19, 2016, to file their returns so they can observe Patriots Day on April 18. There are major changes in tax return due dates effective for taxable years starting after December 31, 2015 (2016 tax returns prepared during the 2017 tax filing season). Please stay tune for our updates.

7. Tangible property regulations

These regs caused a number of headaches last tax season. Under the final regs, all costs that facilitate the acquisition or production of such property must be capitalized. Improvements to property that better a unit of property, restore it, or adopt it to a new and different use must also be capitalized.

Exceptions: De minimis safe harbor (annual election required); routine maintenance safe harbor; (no election required); per building safe harbor form small businesses (annual election required). Effective for taxable years beginning on or after January 1, 2016, IRS in Notice 2015-82 increased the de minimis safe harbor threshold from \$500 to \$2,500 per invoice or item for taxpayers without applicable financial statements. In addition, the IRS will provide audit protection to eligible businesses by not challenging the use of the \$2,500 threshold for tax years ending before January 1, 2016 if the taxpayer otherwise satisfies the requirements of Treasury Reg 1.263(a)-1(f)(1)(ii).

8. Permanent Extensions for Individuals

The Protecting Americans from Tax Hikes Act of 2015 (PATH Act) passed by the House and Senate on December 18, 2015 makes several key individual extenders permanent as follows:

- **State and local sales tax deduction** – the election to claim an itemized deduction for state and local general sales taxes, in lieu of deducting state and local income taxes.
- **American Opportunity Tax Credit** – the American Opportunity Tax credit has been available at an increased level of \$2,500 tax credit with adjusted gross income phase out amount of \$160,000 for married filing jointly.
- **Child Tax credit** – the child tax credit available up to \$1,000 for qualifying dependents under age 17 is available permanently.
- **Earned income credit**
- **Teachers' classroom expense deduction** – The Act permanently extends \$250 deduction for elementary and secondary school teachers' classroom expenses.

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- **Transit Benefits Parity** – This includes van pool benefits, transit passes and qualified parking. The change is retroactive for 2015. The following is a comparison chart for savings increases for commuters.

Savings Increases for Commuters

Pre-tax Transit Limit <small>(prior to bill passage)</small>	Pre-tax Transit Limit <small>(as result of bill passage)</small>	Change
2015 \$130 per month	2015 \$250 per month	\$120 additional per month \$1,440 additional per year Incremental tax savings* = \$432
2016 \$130 per month	2016 \$255 per month	\$125 additional per month \$1,500 additional per year Incremental tax savings* = \$450

* Assumes tax rate of 30% on the incremental transit expenses.

- **Charitable distributions from IRA** – individual age 70 ½ and older is allowed to make tax-free distributions from IRA to a qualified charitable organization. The treatment is capped at a maximum of \$100,000 per taxpayer each year.