

NEW due dates! *(assuming 12/31 year-end taxpayers)*

- Partnership tax returns (form 1065) – **MARCH 15** (previously April 15)
- C-corporation tax returns (form 1120) – **APRIL 15** (previously March 15)
- Foreign bank accounts (FinCen form 114) **APRIL 15** (previously June 30, extensions now allowed)
- Forms W-2/W-3 and forms 1099-MISC with box 7 completed – **JANUARY 31** to SSA and IRS (previously only the recipient copies were due by 1/31; SSA and IRS copies were 2/28)

Due dates for S-corporation (3/15) and fiduciary (4/15) tax returns remain unchanged. Contact our office if any questions, including questions on extended due dates.

Please be sure to consider these new due dates when planning for dropping off your tax information!

Identify theft and scams

Fraudulent CP2000's These are fraudulent balance due notices being mailed to taxpayers. They are usually small amounts that taxpayers often just pay in lieu of verifying with either their accountant or the IRS. We encourage you to provide us a copy of any balance due notice you receive and we will confirm its legitimacy free of charge. Nevertheless, here are some telltale signs of fraud:

- The instructions indicate to make the check out to the "I.R.S." rather than the "United States Treasury".
- The return address is "Austin Processing Center, PO Box 15264, Austin, TX 78761-5264, which is an incorrect address for the Austin Processing Center



Phone scams Most of us have received at least one of these by now (including the IRS commissioner), but as a reminder, the IRS and FTB will NEVER contact you by telephone (unless you are currently in an open audit). They will always send a paper letter via mail (never an email).

The IRS and state agencies are taking active measures to combat identify theft. If you receive any questionable communications or a letter from the IRS indicating that your tax account might have been compromised, please contact our office for the appropriate actions. You can find an "Identity Theft Victim Checklist" at our website that has been provided by the California Office of the Attorney General.

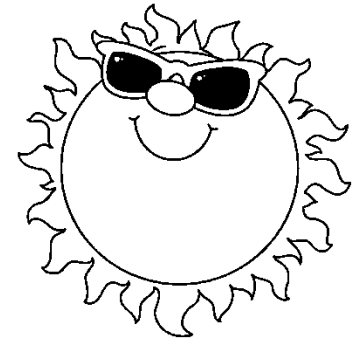
myFTB Accounts - California taxpayers only

The FTB has a *wonderful* online account system allowing taxpayers and their preparers to check account balances, confirm estimated tax payments, etc. In the past, tax preparers were able to access this information immediately (reducing our time and saving our clients the time and hassle of verifying this information themselves). In July 2016, the FTB updated this system to require a 10-day hold period when either the taxpayer OR the preparer requests access to their account information. During this 10 day hold, the taxpayer is mailed a letter confirming that the access is authorized (action is only necessary if the activity is unauthorized).

You may or might have already received a letter from the FTB indicating that Diane Perry or Rebecca Perry has accessed your account. Please note that this is our office and that our intent is to gather the necessary information to complete your tax returns. If you receive a letter with any other unknown name, please contact our office or respond to the letter directly.

The system allows tax preparers additional capabilities if we submit a California power of attorney (POA) on your behalf, including responding to FTB notices without lengthy telephone hold waits. At this time, we are not submitting POA's for all clients, but will contact you on a case-by-case basis if a POA is needed.

Solar energy credit information



With rising electric bills and some big tax incentives, solar energy is growing. Taxpayers are eligible to receive a credit of up to 30% of the cost of buying and installing solar panels on their federal tax return. Below is a summary of some important points if you are considering solar.

- ✓ The 30% credit is for solar electric property (panels) and solar water heating property. Insulation, windows, doors and other energy property is eligible for a different credit (see our tax planning tips).
- ✓ There is no maximum credit.
- ✓ The credit is NOT refundable; meaning if your tax liability is less than the full credit, you will not receive it in the form of a refund. However, it is eligible to be carried over to future tax years indefinitely.
- ✓ It is currently scheduled to expire on 12/31/2021, but the credit is reduced to 26% in 2020 and 22% in 2021.
- ✓ If you must install a new roof in connection with installing the panels, the roof itself is not considered in the credit calculation. Roof repairs directly required for installation may or may not be considered in the credit calculation.
- ✓ To qualify, the solar property must be used exclusively for purposes other than heating swimming pools or hot tubs.
- ✓ Total cost includes equipment, installation and sales tax. It does not include warranty costs and must be reduced by any subsidies or rebates received from utility companies or state governments.
- ✓ You are not eligible to receive the credit if you lease the panels, however, this might be the more economical option.
- ✓ If you finance the solar panels through any of the programs that allow you to make payments as part of your county property tax payments, that portion of your property tax bill is NOT considered deductible property taxes. Examples of these programs are the PACE and HERO programs.
- ✓ The solar panels must be completed and “placed in service” by the end of the tax year to be eligible for the credit in that year. Frequently this requires a final approval by your energy provider. Be sure to plan carefully if this will occur in a subsequent tax year.
- ✓ The solar panels do NOT need to be paid in full by the end of the tax year to receive the credit. As long as the project is placed in service, the FULL cost of the project is considered in that year’s credit calculation.
- ✓ Any interest and/or loan origination fees paid as part of financing are not included in the total cost.
- ✓ There is no “credit recapture” if the home is sold (you do not need to pay any of the credit back).
- ✓ If the home is sold, the cost of the panels is part of the home’s cost basis, but any credit claimed reduces the overall basis. If you had unused credit carryovers, you may continue to claim these even if you no longer occupy the home.
- ✓ Residential rental properties do not qualify for the credit, however, please contact our office for information on an alternative credit in this situation.
- ✓ The credit is not limited to your primary residence. Second homes or vacation homes (not rentals) are eligible and there is no limit on the number of residences that qualify.

Go Solar California

The Go Solar California website provides California consumers information on solar programs, rebates, tax credits, program rules, eligible equipment, and how to find an eligible, licensed solar contractor.

www.gosolarcalifornia.org