



Stenseth Samuelson & Boese, Ltd.

Where your numbers meet opportunities

Dear Client,

We appreciate the opportunity to assist you with your tax and financial needs and look forward to working with you again this year. After completing an evaluation of the tax services we provide, we have decided to make some improvements to our tax preparation process with the objective of serving you better.

As our initial step in improving the process, we are moving up the due date for providing your tax information to us. This year your information will be due by March 23rd. We are making this change to more accurately account for the volume of returns that come in near the due date and to ensure that all returns are allocated an appropriate amount of attention.

Another improvement is to standardize our tax return intake process. The majority of our clients will not be affected by this change, but we are reducing the days and times that we will be offering drop-off tax appointments for those that still deliver their documents in this manner. While we enjoy being able to chat with you face to face, our experience has shown that there are better times to address your questions and concerns. Instead, we will be focusing our attention on reaching out to you during the preparation process. By moving our conversations to this time, it will help us give you more accurate answers to questions and allow us to bring up important topics identified during the preparation of your returns.

One more helpful enhancement this year is that we have added a form to the organizer for your questions and concerns. Please complete this form and return with your documents as needed. You may also call or email with questions that come up after you drop off your tax information. We will respond as soon as we are able. We will be happy to schedule a phone consultation or pick-up appointment to go over any final questions and to advise you on changes that you may want to make for the coming year. As always, we are also available throughout the year for tax-planning advice.

We also want to touch on the topic of the tax complexities that have prompted these improvements. The most recent tax law changes were expected to simplify tax preparation, but we unfortunately do not expect this to be the case. The new law, along with nine other tax acts passed in recent years, have complicated the preparation process along with increasing preparer documentation requirements. There is also an additional layer of complexity due to Minnesota failing to conform to the Federal changes. For the majority of our clients, these factors are forecasted to add a significant amount of time to the preparation process. Therefore, this may expand the time it takes to complete your returns and may also result in a higher than average increase to your fee. We are hoping that the aforementioned improvements keep any increases to a minimum.

If you have any questions or concerns on these topics, please feel free to contact our office. We look forward to serving you more effectively in the coming year.

Sincerely,

Stenseth, Samuelson & Boese, Ltd.

Updated Instructions for Tax Season

New due date for tax information:

This year we must receive all of your tax information by **Saturday, March 23rd** in order to complete your returns without an extension of time being filed. If we are missing a substantial portion of your information after the new March 23rd due date, you will need to go on extension. This includes additional documents identified during the preparation of your returns.

Your options to get us your tax information are to drop them off without an appointment, upload them into your online account, mail them in or contact us to make other arrangements. Please do not email us your tax information. From February 1st through April 15th, our office is open from 8:30 to 6:00 on Monday – Thursday, 8:30-4:30 on Friday and from 9:00-3:00 on Saturday.

Consider delivering your information at least a week before the due date:

Over the past few years, the IRS has introduced new regulations that require us to ask more questions and keep records of additional documents during the preparation of your tax returns. Because of these new regulations, we have found that a greater number of returns are missing required information. To address this, we are encouraging all clients to bring in their available tax information by **Friday, March 15th** to ensure that all additional needed documentation can be identified and delivered to us by **March 23rd**.

New pages added to the questionnaire:

These new forms will help identify needed information for certain deductions and credits. There are instructions in the questionnaire indicating which of these forms are applicable to your individual situation. Please complete them and return to us along with all indicated information.

New note form provided for questions:

Since, in most cases, we are no longer scheduling drop-off appointments, we encourage you to fill out the included note sheet with any questions you may have about your return. Your preparer will be able to contact you during completion to answer your questions and let you know about any significant items you should be aware of concerning your taxes.

Please continue to provide all itemized deduction information:

The new *Tax Cuts and Jobs Act* substantially increases the federal standard deduction and many taxpayers who previously itemized will find it more advantageous to take the standard deduction this year on their federal return. That said, the state of **Minnesota has not adopted the new standard deduction amount**, and for 2018, they are allowing taxpayers to itemize on their MN returns even if they take the standard deduction on their federal return. So, while it may not benefit you to itemize for federal purposes, **it may still be better to itemize on your Minnesota return** instead of using the lower MN standard deduction.

Please update the information in your organizer summary or workbook:

Please read through your organizer pages to see what information was included in your tax return last year. If there are any items that are no longer active for 2018, please indicate this. Otherwise your return may be delayed while we reach out to you to verify the status of these items during preparation. You may enter 2018 information in the space provided if you received the workbook form of the organizer, but this is not required.

As in the past, the Questionnaire and Engagement Letter are required for our services.



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Dear Client,

This letter is to confirm and specify the terms of our engagement with you and to clarify the nature and extent of the services we will provide. In order to ensure an understanding of our mutual responsibilities, we ask all clients for whom returns are prepared to confirm the following arrangements.

We will prepare your 2018 federal and state income tax returns from information which you will furnish to us. We will provide you with questionnaires and worksheets to guide you in gathering the necessary information. Your use of such forms will assist in keeping the fee to a minimum.

We must receive all necessary information to prepare your returns by **March 23, 2019**, in order to complete your returns by the April 15 deadline. If we have not received all of your information by this date, we will likely need to file an extension of time to file your returns. **We will not file any federal, state or local tax extensions unless you specifically request us to do so in writing, by fax or email. We assume no liability for late filing or late payment penalties.**

In December 2017, the President signed into law the *Tax Cuts and Jobs Act* which introduces the most significant changes to the U.S. tax system since 1986. With a few exceptions, the provisions are generally effective starting in the 2018 tax year. As such, your federal and state income tax returns for the 2018 tax year may look substantially different as compared to prior years. Given the magnitude of the changes, additional stated guidance from the Internal Revenue Service, and possibly from Congress in the form of technical corrections, may be forthcoming. We will use our professional judgment and expertise to assist you given the Tax Act guidance as currently promulgated. Subsequent developments from the issuance of additional guidance or materials from the applicable tax authorities may affect the information we have previously provided, and these effects may be material. We are not liable for any taxes or fees resulting from changes to or clarifications of the current law.

It is your responsibility to provide all the information required for the preparation of complete and accurate returns. This includes, but is not limited to, providing us with the information necessary to identify all states and foreign countries in which you "do business" or derive income (directly and indirectly) and the extent of business operation in each relevant state and/or country. This also includes information pertaining to transactions or accounts comprised of virtual currencies. You should retain all the documents, cancelled checks and other data that form the basis of income and deductions. These may be necessary to prove the accuracy and completeness of the returns to a taxing authority.

Please note that the IRS considers virtual currency (e.g., Bitcoin) as property for U.S. federal tax purposes. As such, any transactions in, or transactions that use, virtual currency are subject to the same general tax principles that apply to other property transactions. If you had virtual currency activity during the year, you may be subject to tax consequences associated with such transactions, and may have additional foreign reporting obligations.

If you and/or your entity have a financial interest in any foreign accounts, you are also responsible for filing Form FinCen 114 required by the U.S. Department of the Treasury on or before April 15th of each tax year. US citizens are required to report worldwide income on their US tax return. We assume no liability for penalties associated with the failure to file or untimely filing of this form.

In addition, currently the Internal Revenue Service, under IRC §6038 and §6046, requires information reporting if you are an officer, director or shareholder with respect to certain foreign corporations (Form 5471); foreign-owned U.S. corporation or foreign corporation engaged in a U.S. trade or business (Form 5472); U.S. transferor of property to a foreign corporation (Form 926); and, for taxable years beginning after March 18, 2010, if you hold foreign financial assets with an aggregate value exceeding \$50,000 (Form 8938). Therefore, if you fall into one of the above categories you may be required to file one of the above listed forms. Failure to timely file may result in substantial monetary penalties. By your signature below, you accept responsibility for informing us if you believe that you fall into one of the above categories and you agree to provide us with the information necessary to prepare the appropriate form(s). We assume no liability for penalties associated with the failure to file or untimely filing of any of these forms.

IRS audit procedures will almost always include questions on bartering transactions and on deductions that require strict documentation, such as travel and entertainment expenses and expenses for the business usage of autos. Charitable contributions also have strict documentation requirements. In preparing your returns, we rely on your representations that we have been informed of all bartering transactions and that you understand and have complied with the documentation requirements for all your expenses and deductions. If you have questions about what documentation is needed, please contact us.

We are required by the taxing authorities to electronically file all federal and state individual income tax returns ("e-filing"). We will provide you with a paper or electronic copy of your returns to review prior to e-filing, and we will only transmit the returns to the taxing authorities after we have received signed authorization indicating that you have reviewed the returns and believe they are correct. You have the final responsibility for the income tax returns and, therefore, you should review them carefully before you authorize us to file them. We will not be financially responsible for electronic transmission or other errors arising after your return has been successfully submitted from our office.

Our work in connection with the preparation of your income tax returns does not include any procedures designed to discover defalcations and/or irregularities, should any exist. We will not audit or otherwise verify the information you give us; however, we may ask for additional clarification of some information. We will render such accounting and bookkeeping assistance as determined to be necessary for preparation of the income tax returns.

Our services in connection with this engagement are not designed to address the legal or regulatory aspects of your compliance with the Affordable Care Act. In preparing your individual tax returns, we will rely solely on the information you provide us regarding the ACA mandates and you agree to accept full responsibility for the accuracy and completeness of this information, as well as your compliance with the ACA. As such, we will not be responsible for any taxes, penalties, or interest that may be assessed.

If, during our work, we discover information that affects prior-year tax returns, we will make you aware of the facts. However, we cannot be responsible for identifying all items that may affect prior-year returns. If you become aware of such information during the year, please contact us to discuss the best resolution of the issue. We will be happy to prepare appropriate amended returns as a separate engagement.

In accordance with federal law, in no case will we disclose your tax return information to any location outside the United States, to another preparer outside of our firm for a second opinion, or to any other third party for any purpose other than to prepare your return without first receiving your consent.

The Internal Revenue Code and regulations impose preparation and disclosure standards with non-compliance penalties on both the preparer of a tax return and on the taxpayer. To avoid exposure to these

penalties, it may be necessary in some cases to make certain disclosures to you and/or in the tax return concerning positions taken on the return that don't meet these standards. Accordingly, we will discuss tax positions that may increase the risk of exposure to penalties and any recommended disclosures with you before completing the preparation of the return. If we concluded that we are obligated to disclose a position and you refuse to permit the disclosure, we reserve the right to withdraw from the engagement and you agree to compensate us for our services to the date of the withdrawal. Our engagement with you will terminate upon our withdrawal.

The IRS permits you to authorize us to discuss with them, on a limited basis, aspects of your return for one year after the return's due date. Your consent to such a discussion is evidenced by checking a box on the return. Unless you tell us otherwise, we will check the box authorizing the IRS to discuss your return with us.

Certain communications involving tax advice are privileged and not subject to disclosure to the IRS. By disclosing the contents of those communications to anyone, or by turning over information about those communications to the government, you, your employees, or agents may be waiving this privilege. To protect this right to privileged communication, please consult with us or your attorney prior to disclosing any information about our tax advice. Should you decide that it is appropriate for us to disclose any potentially privilege communication, you agree to provide us with written, advance authority to make that disclosure.

Should we receive any request for the disclosure of privileged information from any third party, including a subpoena or IRS summons, we will notify you. In the event you direct us not to make the disclosure, you agree to hold us harmless from any expenses incurred in defending the privilege, including, by way of illustration only, our attorney's fees, court costs, outside adviser's costs, or penalties or fines imposed as a result of your asserting the privilege or your direction to us to assert the privilege.

In connection with this engagement, we may communicate with you or others via email transmission. We have a policy of not sending sensitive financial or personal information, such as social security numbers, bank account or credit card information through email communication, and we strongly advise you not to send similar information to us through email. Email can be intercepted or otherwise compromised, and so we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure or communication of email transmissions, or for the unauthorized use or failed delivery of emails transmitted by us in connection with the performance of this engagement.

It is our policy to keep records related to this engagement for seven years. However, we do not keep any of your original records, so we will return those to you upon completion of this engagement. When records are returned to you, it is your responsibility to retain and protect the records for possible future use, including potential examination by governmental or regulatory agencies. By signing this engagement letter, you acknowledge and agree that upon the expiration of the seven-year period, we are free to destroy our records related to this engagement.

The law provides various penalties that may be imposed when taxpayers understate their tax liability. If you would like information on the amount or the circumstances of these penalties, please contact us.

Your returns may be selected for review by the taxing authorities. Any proposed adjustments by the examining agent are subject to certain rights of appeal. You agree to immediately notify us upon the receipt of any correspondence from any agency covered by this letter. We are available to represent you and our prices for such services are at our standard rates and would be covered under a separate engagement letter. Our tax return preparation price does not include responding to letter, inquires or

examination by taxing authorities or third parties, for which **you will be separately billed for time and expenses involved.**

Our price for tax services will be billed upon completion of your returns at the appropriate rate for the level and value of services rendered plus out-of-pocket expenses. Any accounting or bookkeeping service assistance as determined necessary for preparation of income tax returns will be billed at an additional cost. All invoices are due and payable upon presentation. Amounts not paid within 30 days from the invoice date will be subject to a late payment charge of 1.5% per month (18% per year).

If any dispute arises between us, we agree to try first in good faith to settle the dispute by mediation administered by the American Arbitration Association (AAA) under its Rules for Professional Accounting and Related Services Disputes. All unresolved disputes shall then be decided by final and binding arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the AAA. Fees charged by any mediators, arbitrators, or the AAA shall be shared equally by all parties. **IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT IN THE EVENT OF A DISPUTE EACH OF US IS GIVING UP THE RIGHT TO HAVE THE DISPUTE DECIDED IN A COURT OF LAW BEFORE A JUDGE OR JURY AND INSTEAD WE ARE ACCEPTING THE USE OF ARBITRATION FOR RESOLUTION.**

We have the right to withdraw from this engagement, in our discretion, if you don't provide us with any information we request in a timely manner, refuse to cooperate with our reasonable requests, or misrepresent any facts. Our withdrawal will release us from any obligation to complete your return and will constitute completion of our engagement. You agree to compensate us for our time and out-of-pocket expenses through the date of our withdrawal.

If the foregoing fairly sets forth your understanding, please sign this letter in the space indicated and return it to our office. However, if there are other tax returns you expect us to prepare, please inform us by noting so at the end of this letter.

We want to express our appreciation for this opportunity to work with you.

Very truly yours,

Stenseth, Samuelson & Boese, Ltd.

Accepted By:

Name(s): _____

Signature(s): _____

Date: _____

Questionnaire

Y N Personal Information

- Did your marital status change during the year? If yes, please explain:

- Did your address change from last year? If yes, what is the new address?

- Did you change jobs or retire this year?
- Can you be claimed as a dependent by another taxpayer?
- Do you want any tax refunds to be direct deposited into your bank account?
If yes, please include a void check or sign an account verification form at our office, this needs to be done every year to comply with IRS regulations.

Y N Dependent Information - If you have dependents, see page 5 for important documents we may need to complete your return.

- Check here if you do not have any dependents. Proceed to Home Ownership Information.
- Were there any changes in dependents from the prior year? If yes, explain:

If you are adding a new dependent for 2018, we will need to see their Social Security Card or Birth Certificate.
- Did any of your dependents have income from investment accounts, IRA distributions, or other 'unearned' sources in excess of \$1,050? ("Unearned" does not include wages or Social Security income)
- Do any of your dependents need to file tax returns?
- Did you provide over half the support for any person other than your dependent children or spouse during the year? Explain:

- Did you pay for child care while you worked, looked for work, or while a full-time student?
- Did you pay any expenses related to the adoption of a child during the year?
- If you are divorced or separated with child(ren), do you have a divorce decree or other form of separation agreement which establishes custodial responsibilities?

Y N Home Ownership Information - See page 8 for needed information if you have a mortgage or home equity loan.

- Check here if you did not own any real estate in 2018. Proceed to Government Information.
- Did you purchase or sell a principal residence during the year?
- Did you foreclose or abandon a principal residence or other real property during the year?
- Did you take out a home equity loan this year?
If yes, what was it used for? _____
- Did you refinance a principal residence or second home this year?
- Did you purchase or sell a secondary home or other non-business property?
- Did you pay real estate taxes for your primary home and/or second home?
- Did you pay any mortgage interest on an existing home loan?
- Did you make energy efficient improvements to your main home this year?

Y N Government Information

- Did you or a dependent receive an Identity Protection PIN (IP PIN) from the IRS or have you been a victim of identity theft? If yes, attach the IRS letter.
- Did you receive correspondence from the State or the IRS?
If yes, explain: _____
- Do you have previous years of tax returns that are either unfiled or filed with unpaid balances due?
- Do you want to designate \$3 to the Presidential Election Campaign fund? If you check yes, it will not change your tax or reduce your refund.

Y N Business and Rental Transactions

- Check here if you did not have any business or rental activity in 2018. Proceed to College and Post-Secondary Education Information.
- Did you sell, exchange, or purchase any assets used in your trade or business?
- Did you acquire a new or additional interest in a partnership or S corporation?
- Did you start a new business or purchase rental property during the year?
- Did you sell an existing business or rental property this year?
- Did you utilize an area of your home for business purposes?
- As a business owner, did you pay health insurance premiums for you and your family or your employees?
- Do you keep a mileage log? (You must provide one to take a mileage deduction.)
- Have you provided us with documentation for all income you received in 2018, including barter, crypto-currency, consumer-to-consumer activity, cash based revenues and all other income received in-person, in-kind or electronically.

Y N College and Post-Secondary Education Information - If yes to any, see page 6 for important documents we must have to complete your return.

- Did you pay any student loan interest this year?
- Did you make any contributions to an education savings or 529 Plan account?
- Did you make any withdrawals from an education savings or 529 Plan account?
- Did you or your dependents attend a post-secondary school during the year, or plan to attend one in 2018?
- Did you have any educational expenses during the year on behalf of yourself or a dependent?
- Did anyone in your family receive a scholarship of any kind during the year?
- If yes, were any of the funds used for expenses other than tuition, such as room and board?
- Did you cash any Series EE or I US Savings bonds issued after 1989?

Y N Health Care Coverage Information

- Did everyone in your family have health care coverage for every month of 2018? "Your family" for health care coverage refers to you, your spouse if filing jointly, and anyone you can claim as a dependent.
Please check all sources of health care coverage in 2018 for you and your family.
 - Employer-sponsored plan.
 - Medicare/Medicaid.
 - Privately purchased plan.
 - Enrolled through MNsure or Healthcare.gov exchange.
 - Enrolled with a non-family member.
 - Enrolled in lower-cost coverage through the ACA.
 - Received Health Coverage Tax Credit advance payments.
 - Other/Exemption from the health care coverage mandate _____
 - We did not have insurance for all/part of the year. Number of months uncovered _____

Y N Other Health Care Information

- Did you make any contributions to a health savings account (HSA) or Archer MSA?
- Did you receive any distributions from an HSA, Archer MSA, or Medicare Advantage MSA this year? If yes, please provide form 1099 SA.
- If yes, were all distributions used for qualifying medical expenses?
- Did you pay out-of-pocket medical expenses totaling more than 7.5% of your income?
- Did you pay long-term care premiums (nursing home insurance) for yourself or your family?

Y N Income Information

- Did you receive any unemployment benefits during the year?
- Did you receive any disability income during the year?
- Did you receive any income from property sold in this or any prior year?
- Did any of your life insurance policies mature, or did you surrender any policies?
- Did you receive any awards, prizes, hobby income, gambling or lottery winnings?
- Do you expect a large fluctuation in income, deductions or withholding next year?
- Did you receive any tip income not reported to your employer this year?
- Did you acquire or dispose of any stock during the year?
- Did you have any sales or other exchanges of virtual currencies, use any virtual currencies to pay for goods or services, or are you holding virtual currencies as an investment?
- Do you want a tax projection for 2019? Additional fees apply.

Y N Retirement Information

- Are you an active participant in a pension or retirement plan?
- Did you receive any Social Security benefits during the year?
- Did you make any withdrawals from an IRA, Roth, Keogh, SIMPLE, SEP, 401(k), or other qualified retirement plan?
- If yes, were any withdrawals due to a Federally declared disaster?
- Did you receive any lump-sum payments from a pension, profit sharing or 401(k) plan?
- Did you make any contributions to an IRA or Roth IRA account?
- Did you make any contributions to a Keogh, SIMPLE, SEP 401(k), or other qualified retirement plan?
- Do you have balances in any retirement accounts?
If yes, what types of accounts are held? _____
- Are you a retired public safety officer?

Y N Miscellaneous Information

- Did you make any cash or noncash charitable contributions? If yes, please provide evidence such as a receipt from the done organization, a cancelled check, or record of payment, to substantiate all contributions made.
- Did you donate a vehicle or boat during the year? If yes, attach Form 1098-C or other written acknowledgment from the donee organization.
- Did you incur interest expenses associated with any investment account you held?
- Did you make any major purchases during the year (cars, boats, etc.)?
- Did you make gifts of more than \$15,000 to any individual?
- Did you engage in any bartering transactions?
- Did you pay any individual as a household employee during the year?
- Did you incur a casualty loss in a Federally declared disaster area?
- Did you have any debts cancelled, or forgiven this year, such as a home mortgage credit card, or student loans(s)?
- Did you lend money with the understanding of repayment and this year it became totally uncollectable?
- Did you purchase a qualified plug-in electric drive vehicle or qualified fuel cell vehicle?
- Did you reside in or operate a business in a federally declared disaster area?
These areas include victims of hurricanes, tropical storms, floods, as well as wildfires.
- Did you incur moving costs because of a permanent change of station as a member of the armed Forces on active duty?
- Did you make any contributions or withdrawals from an ABLE account?

Y N Foreign Information

- Did you have any foreign income or pay any foreign taxes during the year, directly or indirectly, such as from investment accounts, partnerships or foreign employer?
- Did you receive a distribution from, or were you a grantor or transferor for a foreign trust?
- Did you have a financial interest in or signature authority over a financial account such as a bank account, securities account, or brokerage account, outside the U.S.?
- Do you have any foreign financial accounts, foreign financial assets, or hold interest in a foreign entity (not held in your US Brokerage account.).
- Do you own stock in a foreign corporation and have signature authority on their bank accounts?

Y N Minnesota Information

- Did you pay any K-12 education expenses? **See page 7 for details and required information for the MN K-12 education subtraction.**
- Did you make any out-of-state purchases totaling more than \$770 on items taxable by MN (by telephone, internet, mail or in person) for which the seller did not collect state sales tax? If yes, how much were the untaxed taxable purchases? _____
- Would you like to donate to the MN Nongame Wildlife fund? If yes, how much? _____
This amount will increase your tax due or decrease your refund.
- Did you pay vehicle registration tax?
If yes, please include your registration tabs or provide the license plate numbers of your vehicles.
- Did you have a work-related expense account or allowance during the year?
- Did you use your car for work, other than commuting?
- If yes, did your employer reimburse you?
- Do you keep a mileage log? (you must provide one to take a mileage deduction.)
- Did you work out of town for part of the year?
- Did you have any expenses related to seeking a new job during the year?
- Did you incur moving costs because of a job change?
- If yes, did your employer reimburse you for any or all of those costs?
- Did you have any unreimbursed employee business expenses?
- Did you have any non-federal disaster area casualty or theft losses?
- Did you experience a stillbirth and receive a certificate from MN Dept. of Health?

Please bring your 2019 property tax statement or 2018 CRP for us to check eligibility for MN property tax refund.

Y N Wisconsin Information

- Did you pay private school tuition (K-12) for your dependents?
- Did you, your spouse or dependents attend a college or university in WI or MN in 2018?
- Did you make any out-of-state purchases taxable by WI (by telephone, internet, mail, or in person) for which the seller did not collect state sales tax?
If yes, how much? _____
- Did you pay rent for your primary residence in WI?
If yes, how much did you pay in 2018? _____
Was heat included? _____
- Did you make a contribution to a WI state-sponsored college savings program (Edvest or Tomorrow's Scholar)?

Child Tax Credit and Earned Income Credit Information

Please list the names of all dependent children who were under the age of 17 at the end of 2018 and that you will be claiming on your tax return.

If any of these are new dependents for 2018, please provide us with a Social Security Card or Birth Certificate.

Y N

Did all of the children listed reside with you for all of 2018?

If no, please explain _____

Y N

Are you the custodial parent(s) of all the children listed?
(The custodial parent is the parent with whom the child stayed for the greater number of **nights** during the year.)

If no, please provide a signed form 8332 from the custodial parent for each child you will claim on your return.

Y N

Have you released your claim to exemption (with form 8332) for any of the children listed?

Y N

Have any earned income credits or child tax credits been disallowed or reduced in previous years?

You will need to provide documentation **verifying that each child resided with you in 2018**. This documentation needs to be from an official source, have your child's name and address listed, and be dated 2018.

Examples of some documents that would qualify are:

1. Records or documents from your child's school, healthcare or childcare provider.
2. Signed statements on official letterhead from your healthcare provider, place of worship, employer or school.

Dependent Care Credit or Subtraction

If you paid for childcare* for dependents under the age of 13 while you worked, looked for work, or were a full-time student, please provide:

1. The amounts paid per child
2. The name and address of the provider
3. The SSN (if an individual) or the EIN (if a business or organization) for the provider.

*This can include day-camp and similar activities, but not overnight camp.

Education Credit Information

To claim an education credit, you must provide evidence of the qualified expenses that were paid in 2018. A credit cannot be claimed without the proper documentation. For each student claiming a credit:

You must provide a **Form 1098-T** from the educational institution attended.

You must provide records **proving actual payment** of the expenses such as canceled checks or an itemized receipt from the institution showing payments made in 2018.

Please also provide information on all scholarships received.

To help verify the student's qualifications for credits, please answer the following questions:

Y N

- Has the student been convicted of a felony drug offense?
- Has the student already completed 4 years of post-secondary education?
- Have any education credits been disallowed or reduced in prior years?

529 Plan and Education Savings Account Information

If you **contributed** to a 529 plan or other education savings account, you may qualify for a tax benefit at the state level. Please provide:

1. Company and account number for the plan.
2. Amount contributed in 2018.
3. Beneficiary name and social security number.
4. Name of the account owner.

If you took a **distribution** from a 529 account:

1. Please provide the 1099-Q for the distribution (you should receive this from the company holding the account).
2. Provide us with details on what the distribution was used for (college or K-12).
3. If used for college, please provide an itemized bill from the school showing a breakdown of charges and payments (this is often available to the student online or through the business office).
4. Provide documentation for any of the following expenses not listed on the school bill:
 - a. Textbooks, supplies and equipment required by the school.
 - b. Off-campus housing expenses (deductible up to what it would cost to live on-campus, so please also provide an estimate of on-campus housing costs).
 - c. Internet access
 - d. The purchase of a computer, computer equipment or software for educational purposes.

Student Loan Credit - Minnesota

If you made 2018 student loan payments, you may qualify for a tax benefit at the state level. Please provide:

1. Amount paid toward your own student loan.
2. Total amount of qualified loans.
3. Current year interest paid.

Minnesota K-12 Education Subtraction

If you paid for education expenses for children in K-12*, please provide the following information **for each child. Please keep documentation for all expenses listed.** For a more detailed list of allowable deductions and requirements, see the 'MN Education Subtraction Factsheet' on our website at www.woodburycpas.com/tools-and-resources.

1. Child's name and grade.
2. Expenses paid **to others** for transportation to and from school and for educational field trips during the normal school day (no overnight trips)
3. Tuition for academic and fine-arts camps (but not fees for food and lodging).
4. Fees for academic tutoring by a qualified instructor.
5. Tuition and fees for music, art or dance lessons provided by a qualified instructor.
6. Music instrument rental fees.
7. Fees for after-school enrichment programs such as science exploration, fine arts and study habits courses.
8. Expenses for required **educational** material, such as paper, pens, notebooks and nonreligious textbooks.
9. Expenses for home computer hardware and educational software.
10. Instructor fees for drivers education if it is offered by your school district-even if not taken through the school.

Please **do not** include any of the following:

1. Clothing, costumes or uniforms.
2. Food, including school lunches and snacks.
3. Travel and lodging expenses for overnight camps or trips.
4. Expenses related to **sports**.

For field trips outside the normal school day and for academic camps, we need a breakdown showing which portion of the fees were for academic instruction vs. food, transportation and lodging. You may need to ask the school or organization how the fees were determined. **Without this breakdown, we cannot include expenses from these activities.**

*This includes dependent students who have graduated during 2018, as long as the expenses were paid for and during their high school education.

Mortgage Interest Deduction Worksheet

Due to the new federal tax law, there are strict requirements on what type of mortgage interest is deductible. In order to take a federal deduction, you must provide the following information for **each loan**. See the 'Tools and Resources' page of our website (www.woodburycpas.com) if you need more pages.

Original Loan (not refinanced):

Mortgage or Home Equity Line of Credit (HELOC) name: _____

Date you took out the mortgage or HELOC: _____

Home securing mortgage or HELOC: _____

Y N

- Was the entire loan used to purchase or make improvements to the home securing it?

If no, please provide an accurate breakdown of how the loan was used, including which properties, if any, were purchased or improved with the proceeds.

If you took the loan out in 2018, please provide the closing documents for the loan.

Refinanced Loan:

Mortgage or Home Equity Line of Credit (HELOC) name _____

Date you took out the mortgage or HELOC: _____

Home securing mortgage or HELOC: _____

Y N

- Was the entire original loan(s) used to purchase or make improvements to the home securing it?

If no, please provide a breakdown of how the loan, (or loans if consolidated) was used, including which properties, if any, were purchased or improved with the proceeds.

Y N

- Did you refinance only the existing balance of your loan(s)?
- If you refinanced an amount greater than the existing balance, was the additional amount used only to improve the home securing the loan?

If no, please provide a breakdown of how the additional amount was used, including which properties, if any, were purchased or improved with the proceeds.

Y N

- Did the refinance extend the repayment time of the loan? (For example, did a loan having 10 years remaining get refinanced into a 15-year loan?)