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There are a large number changes that affect your tax returns for 2014. I will review your tax matters and apply these changes as applicable. However, I'd like to bring these hot new items to your attention now:

- **Penalties** are ramping up to raise revenues. Preparers can be subject too for failing to obtain a signed engagement letter. Please read and sign my engagement letter ASAP.
- The \$5,340,000 **lifetime gift tax exemption** is increased to \$5,440,000 for 2015. For those so inclined, please talk with us before or during the preparation of your 2014 tax returns.
- For 2015 the annual gift tax exemption remains at \$14,000.
- Taxpayers with assets or accounts located off the U.S. homeland continue to be under heightened scrutiny, subject to severe penalties for non-compliance. **IRS form 8938 reporting foreign accounts and assets in excess of \$50,000 may be due with your income tax return.** Holding of a 10% interest in a foreign entity requires the filing of form 5471. And separately for **foreign accounts balances over \$10,000** you must file **electronic FinCEN form 411**. Many advisors suggest that taxpayers who miss the filing deadline be advised to retain a criminal defense tax attorney to arrange for a late filing. I think that may be overkill in many cases, but be aware that that is the situation in the eyes of some very smart advisors.
efile here: <http://bsaefiling.fincen.treas.gov/>
- More information at the web site: <http://traderstatus.com/engagement.htm>

After making sure to **retain your own copies**, please send your actual form W-2s, 1098s and 1099s or a full, clean photocopy or PDF (do not just do a listing of the actual amounts). There are additional amounts and codes on these forms that might be needed to complete the tax returns. In a few cases these are required to be sent along with the tax return, I will generally attach them when appropriate. You may wish to email or burn to a CD-R or copy to a USB "thumb drive" or upload to the "cloud" some of your documents as PDFs, including any large 1099s, or Excel spreadsheets or Quickbooks "QBW" files. Please identify the version of Quickbooks and the Admin password. Do not send "QBB" or "QBM" files in place of the "QBW" file unless there is no other choice.

Please retain all of your own copies of all other documents submitted to me, as I will not be making copies or returning documents to you.

I have prepared a standard "engagement letter" which CPA's use. **Please review and sign for me before I get to work with your tax data.** Do not send your tax data until you understand and agree to the terms. If you have a business, a trust or other entity I have not provided additional copies. Therefore please consider the provided copies to cover all your work with me and simply list your entity names.

Options for filing tax returns and delivery

IRS and State filing copies:

Most form 1040s and many business entity returns are now required to be e-filed to IRS. Unfortunately, some business entity State and Local returns must still be paper filed. If e-filing is not available for your tax return I will send these to you for signature.

Your copy for permanent retention:

I will be **e-mailing** to you a permanent copy of your 2014 tax returns. These PDFs should be more convenient for you to keep, to make extra copies and backup copies of, and to print on-demand when needed for any purpose. You can even email the PDF to your banker when it is needed.

Optionally, the PDF files can be uploaded to my cloud-portal for you to access there.

If you prefer, I can mail a paper copy to you upon request in lieu of a PDF.

2014 Extensions & 2015 Estimated tax coupons:

There is nothing wrong with “going on extension” and it is actually most preferable for many reasons, including the sorting out through last minute and retroactive tax law changes, and for filing of 2014 and 2015 tax elections based on events that happen later during 2015, and because there can be smaller window of opportunity for IRS examinations. But if you would like to avoid going on extension please have all of your information ready at least six weeks prior to the April 15th filing deadline (and six weeks prior to March 15 for corporations).

When going on extension remember that there are significant penalties and interest that can be assessed if you have not paid your taxes via timely estimates & withholding and by the due date of your first extension request. If you need assistance with computing the amount of taxes due with your extensions, please have all the information to be considered summarized and ready at least three weeks prior to the (April 15th or March 15th) filing deadlines.

Extension returns for individuals are due October 15th (September 15th for most other returns including LLCs, partnerships and corporations) please have all of your information ready at least six weeks prior to these deadlines.

Between March 20th and April 15th I will be working exclusively on client work already “in house” here prior to March 20th. Please keep these dates in mind when pulling your data together. Similarly, between August 20th and October 15th I will be finishing client work previously received before working on other matters.

Internet Tax Notebook

If I have your 2013 personal tax return data on my computer, and if you would like to use the “Internet Tax Notebook” to help you organize your tax information for 2014 just let me know before April via email or through this link <http://traderstatus.com/contactform.htm> to receive a User ID & Password that will allow private access to your personalized Tax Notebook. I will have your file uploaded to the internet and send you a login ID and password by a reply email. Optionally I can email you a PDF to print out and work with, or mail you a printed copy. Just ask me.

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