2017

HANDY DANDY TAX BOOKLET ™

Quick Overview on setting up a business, how to prepare for your filings and what you will need when you consult your tax professional.

AFSSE | Cincinnati, OH

AFSSE ™

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REFERRENCE INFORMATION PAGE

This booklet is provided for basic federal tax information for people who are starting and/or operating a small business. It also provides information on keeping records and illustrates a recordkeeping system.

Throughout this booklet we referred to other IRS publications and forms where you will find more information. In addition, you may want to contact other government agencies, such as the Small Business Administration (SBA).

Applying for an EIN

You may apply for an EIN: Online—Click on the Employer ID Numbers (EINs) link at: www.irs.gov. The EIN is issued immediately once the application information is validated.

You should have only one EIN. If you have more than one EIN and are not sure which to use, contact the Internal Revenue Service Center where you file your return. Give the numbers you have, the name and address to which each was assigned, and the address of your main place of business. The IRS will tell you which number to use.

FORMS AND SCHEDULES

Here are links to the following 2016 IRS forms and Schedules for reference:

- Form 1040 - https://www.irs.gov/forms-pubs/about-form-1040
- Schedule C - https://www.irs.gov/forms-pubs/schedule-c-form-1040-profit-or-loss-from-business
- Schedule C-EZ - https://www.irs.gov/forms-pubs/schedule-c-ez-form-1040-net-profit-from-business
- Schedule SE - https://www.irs.gov/forms-pubs/about-schedule-se-form-1040
  Form 4562 (Depreciation) - https://www.irs.gov/forms-pubs/about-form-4562

FORMS AND SCHEDULES

For self-employed, independent business owners, sole proprietors and most small business owners you are required to use IRS form 1040 with supporting additional forms depending on the types of income and expenses you have.

Your income and expenses for your business activities are listed on IRS Schedule C or Schedule C-EZ which we will explain below. You will also have to file Schedule SE for your Self-employment taxes, which we discussed previously most commonly referred to as self-employment social security taxes which will also be explained in the following sections.

SCHEDULE C:

Schedule C or otherwise referred to as Net profit or Loss from business statement – To qualify for this form, you must operate a business as one of the following:

- Sole proprietor or disregarded entity (Single member LLC treated as a sole proprietor)
- Qualified joint venture
- Statutory employee

For the purposes of this booklet most all of you will be classified as the first category.

SCHEDULE C-EZ:

This is simply just a short, simplified version of the Schedule C although it does have limitations to qualify for its use which are:

- Your business expenses must be $5000 or LESS
- You must use the Cash Method of Accounting
- You cannot have an inventory at any time during the year
- You must have only one business as a sole proprietor
- You cannot have any employees or independent contractors
- You cannot deduct expenses for the business use of your home
- You cannot have any prior years disallowed passive activity losses from this business
- You cannot be required to file form 4562 (Depreciation and Amortization)

In the following sections, we will elaborate on some of the items listed above regarding types of expenses. These may not be all the forms you will be using depending on your filing status and any other types of income you may have. These will be most of the forms you will be required to use as a sole proprietor or disregarded entity.

Tax & Implications Help for Self-Employed Individuals

Being independent and entrepreneurial is the American Dream. Working for yourself, with your own schedule and striving towards your own goals, allows you to maintain your own independence and work towards accomplishing what is important to you.

In addition, picking up a second job to supplement household income in a tough economy is becoming more common. Many Americans are choosing to become consultants that sell makeup, beauty products, jewelry, candles, kitchen utensils, food products and different types of services. Some may not realize the tax implications of becoming a sole proprietor and what they need to do to file taxes.

Conducting business as a sole proprietor or single member LLC is one of the simplest forms of business structure operation. It's easy to start a business operated as a sole proprietorship and equally easy to discontinue.

This booklet will give you basic step-by-step information on how to go about setting up your business properly for tax purposes. It will also give a general overview of what types of expenses you can deduct as well as how to set-up those expenses to maximize your deductions in turn lowering your tax liability.

This will explain the different types of taxes you may be responsible for, what IRS tax forms are typically required, how to make purchases that qualify for and maximize your deductions, what types of accounting methods to use, how to know if you use a standard deduction or itemized deduction, should you have an IRA, what is an HSA, is health insurance deductible, how to withhold taxes on your income, when and how to pay them, etc.

This booklet is an outline that will help make doing your taxes easier and more affordable and help prevent pitfalls and common mistakes. In the following sections of this booklet we will discuss income, expenses, taxes and the proper procedures you need to use to be compliant and lower your liabilities.

We will also explain what the IRS defines as an employee versus an independent contractor. So, if you hire someone to help you in your business, you will know which is your best option and how to maintain legal compliance so you won't get hit with improper classification of employees and face large penalties and tax liabilities.

This booklet is provided for informational purposes only. This is not tax advice. As always, you should consult with your current tax professional, CPA or Tax Attorney for specific questions or aspects of your tax situation.

How To Set-up Your BUSINESS Simply and Quickly

First you need to establish if you're going to have a business name or just use your name if operating as a sole proprietor. If you elect to form a single member LLC you will need to establish a business name.

For IRS purposes a single member LLC can be set-up as a sole proprietor for tax purposes.

Second you will need to go to the IRS website and establish an Employer Identification Number, even if you do not have any employees, this is to register your business and they will verify if the name you selected is available or not. If you choose to establish an LLC, you will need to complete this process prior to opening a banking account as the bank will require that information before they will set-up the account in an LLC name.

Third, you will want to establish a separate checking account for income to be direct or manually deposited into the account and most importantly ALL business-related expenses must be processed through this account. You may also establish a credit card account for business use only. This is extremely important especially if establishing an LLC.

Setting up Your Business

Quick View Checklist

- ☐ **Name your business -** Confirm your business' name with your state's Secretary of State. This can be done online or by contacting your Secretary of State's office by phone.
- ☐ **File Articles of Incorporation in your State -** This will require written documentation of officers, directors, statutory agent, business location, business corporation type and more for the business. The corporation's legal existence begins upon filing the Articles with the Secretary of State or upon a later date specified in the Articles.
- ☐ **Get your EIN number -** Contact the Internal Revenue Service (IRS) to obtain an Employer Identification Number (EIN). This is a simple process, completed online in minutes. Additional information and an online application are available at www.irs.gov - search "EIN."
- ☐ **Open a Bank Account -** You will need your EIN to open a bank account. Shop banks for special incentives for new accounts or small business accounts.
- ☐ **Know your tax obligations -** Contact your state's Department of Taxation. The Department of Taxation can assist businesses in determining state and local tax obligations.
- ☐ **Obtain all necessary licenses and permits -** Your state's Secretary of State website has an online listing of professional licenses and business permits necessary to do business in that state. Also, contact your county and local government to determine if any special requirements, licenses or permits exist for your type of business in your county or city.
- ☐ **Register any Trademarks or Service Marks -** This will insure exclusive use by your business and ensure it will not conflict with a trademark or service mark currently in use or by another business in the future who might be seen as infringing on your registered mark.
- ☐ **Contact your state's Department of Job and Family Services** – If you have employees, you may be required to establish an Unemployment Compensation Tax Account.
- ☐ **Contact your state's New Hire Reporting Center & Bureau of Workman's Compensation -** If your business or organization has an employee or employees you will need to report to your state's New Hire Reporting Center and the Bureau of Workman's Compensation.

Once you have checked off all of the steps above you're well on your way to operating your own business. Congratulations!!

SOLE PROPRIETOR OR LLC BUSINESS ENTITY

For your information, the following details are included to educate you on the differences of business structure so that you are better equipped to decide which entity best serves your interest.

SOLE PROPRIETOR – An unincorporated business that is owned by one individual.

- The business does not exist separately from the owner.
- The owner personally accepts the risks of the business to the extent of all the owner's assets, whether the owner uses them in the business or uses them personally.
- The owner includes business income and expenses on their personal tax return.

LIMITED LIABILITY COMPANY – A limited liability company (LLC) is an entity formed under state law by filing articles of organization as an LLC.

- LLC members are not personally liable for its debts.
- An LLC may elect classification for federal income tax purposes (not legal) as a partnership, a corporation or a disregarded entity (single member only 1 person), not separate from its owner.
- Unless otherwise elected the IRS treats a multi-member LLC as a partnership.

EMPLOYER IDENTIFICATION NUMBER (EIN) – As an individual you are not required to obtain an EIN although to simplify the separation of personal income and expenses it is recommended.

A business *must* obtain and EIN by filing form SS4 if the business meets one of these conditions:

- Has one or more employees.
- Files returns for employment or excise taxes.
- Maintains a qualified retirement plan.
- Operates as a corporation, partnership, non-profit estate or trust.

60-MONTH LIMITATION RULE – If an entity chooses to make an election change of its classification they generally cannot change the election again within the first 60 days of the date of the initial election without IRS permission. This rule does not apply to newly formed entities that made the previous election that was effective on the date of its formation.

Once you have completed the proper election of your business formation you can then open your business operating bank account using the information regarding your business entity.

NOTE: The reason for a business checking account is important for the separation of income and expenses between business and personal especially if forming a single member LLC or other corporate entity. *No comingling of business with personal funds should ever occur.*

Now that you have a better understanding of the basics of setting up your business, we will go over accounting methods and periods in the next section which will help you understand how to maximize your income and expenses for you business.

ACCOUNTING PERIODS

You must choose a tax year method to figure your taxable income. This can be either a calendar accounting period or a fiscal accounting period, used to keep records and report income and expenses. You must adopt a tax year by filing the first income tax return using the elected calendar or fiscal tax year. As a sole proprietor, single member LLC, you will normally use the calendar year accounting method although we will define the rules for each method below, in the event you later choose to change your business entity to a different organizational method.

All books, records, income and expenses typically must reflect the same tax year method, with a few exceptions.

CALENDAR YEAR – A calendar year is 12 consecutive months beginning on January 1st and ending on December 31st each year. This is the most common accounting period method.

If you choose this method of accounting, you must maintain your books, records, report income and expenses from January 1st to December 31st of each year. If you filed the first tax return using this method and later you start a business as a sole proprietor, become a partnership or become a shareholder in an S corporation you must continue to use this method on all subsequent returns unless the IRS grants you approval to change your method of accounting. As stated above, usually anyone can use this method with a few exceptions, you must use this method of accounting IF:

- You didn’t keep books or records.
- An annual accounting period doesn’t exist.
- Your tax year does not qualify as a fiscal year.
- A provision in the IRS code requires you to use a calendar year.

FISCAL YEAR – A fiscal year is 12 consecutive months ending the last day of any month except for December 31st.

- A corporation establishes a tax accounting year when it files their first income tax return, regardless of which month (excluding January).
- Partnerships, S corporations or Personal Service Corporations can adopt a fiscal year accounting method by filing IRS form 1128, 2553 for S corp. You must establish the business purpose for the election or file form 8716.

52-53 WEEK TAX YEAR – You can elect to use a 52-53 Week tax year if you keep books, records, report income and expenses on this basis. Note that if you elect this method, the 52-53 Week period must always end on the same day of the week. (Consult your tax professional for specific details if you choose to use this method).

ACCOUNTING METHODS

Accounting Methods are the rules which determine when and how you report income and expenses. You will choose a method when filing your first tax return. You must use the same accounting method from year to year. Once you make an election you must seek IRS approval to change it on future returns. The IRS does *not* require one specific accounting method for all taxpayers. You must use a system that clearly lists all your income and expenses. It is important that you keep detailed records to validate the information you list on your return and ensure all items of income and expenses are treated the same from year to year.

Proper and permissible methods are:

- Cash method
- Accrual method
- Combination or Hybrid method using elements of each of the above

CASH METHOD – This is used most by Individuals and Sole Proprietors which are classified as a small business. Although if you produce, purchase or sell merchandise which requires you to keep an inventory, you must use the accrual method for the purchase of inventory and sales of merchandise. Except, any qualifying person with average gross receipts of $1 million or less for each test period can use the cash method. Using the cash method, you must include in your gross income all items of income that are actually or constructively received during the tax year. You must include the value of property and/or services received at a fair market value. You will deduct expenses in the tax year it is actually paid, unless it qualifies for the 12-month rule. This rule is not required to capitalized amounts paid to create certain benefits for you that do not extend beyond the earlier of the following: 12 months after the benefit of use begins or the end of the tax year following the tax year that your payment occurred for the benefit. Basically, this means that the capitalized amount must be held 12 months or longer depending on the month of its inception before it can be deducted.

ACCRUAL METHOD – Under this method, expenses are matched with the related revenues and/or are reported when the expense occurs, not when the cash is paid. The result of accrual accounting is an income statement that better measures the profitability of a company during a specific time period. This is primarily used for corporations and is required to be used if the corporation has gross receipts of over $5 Million. As mentioned above if a product is produced, or the service of purchase and sell of merchandise that requires inventory, businesses must use this method. *Except any qualifying person with average gross receipts of $1 million or less for each test period can use the cash method.*

COMBINATION (HYBRID) METHOD – You can use any combination of cash, accrual or special methods, as-long-as this combination is a clear and consistent reflection of your income. Certain restrictions apply: If an inventory is necessary to account for your income, you must use the accrual method for purchases and sales. However, you can then use the cash method for other income.

Some stipulations:

If you use the cash method to report income you must use this method to report expenses.

If you use the accrual method to report expenses you must use this to figure your income.

You must treat any combination that includes the cash method as this method only.

BUSINESS START-UP AND ORGANIZATIONAL COSTS

START-UP COSTS –This includes any amounts paid or incurred in connection with creating, or investigating the creation or acquisition of an active trade or business.

Costs include:

- Analysis or survey of potential markets, products, labor supply, transportation facilities and several additional items (consult your tax and/or legal professional for these).
- Advertisements for business opening.
- Travel, necessary cost for securing prospective distributors, suppliers or customers.
- Fees for consultants or similar professional services, legal fees for contracts or services.

ORGANIZATIONSAL COSTS – This includes licenses, documentation, formation fees, etc.

Costs include:

- Creating a corporation or partnership which includes temporary directors, organizational meetings, state incorporation and legal fees and several additional items (consult your tax and/or legal professional for these).
- Cost of the transfer of assets to the corporation.

An organization using the Cash Accounting method can deduct organizational costs only when paid by the end of the tax year. The organization can deduct any cost they could have deducted in an earlier tax year for the tax year the payments were actually made.

As stated previously if you elect to form an LLC entity/organization as a single member only LLC and take the IRS election to file as a Sole Proprietor, you would still be eligible for organizational costs deductions.

Now you're ready to start establishing business expenses which we will discussed in detail later within this booklet, how to setup services, what are qualified expenses, how to do proper bookkeeping records, when and how to add new expenses.

START-UP COST WORKSHEET

ORGANIZATIONAL COSTS

$___________Competitor/Market Survey

$___________Creation of Strategic Plan, Business Plan

$___________Cost of transfer of any assets to the corporation

$___________Business Loan /Capital secured

$___________Business related Licensing or Permits

$___________State Incorporation fees

$___________Legal fees for document review and consultation

$___________Mileage costs incurred for research, meetings, or appointments

$___________Internet and phone costs for research or submission of online documents

$___________First Board meeting-Room cost, refreshments, printed documents/binders or materials

$__________ **TOTAL**

Business Startup Costs

$___________Printing – business cards, flyers, brochures

$___________Website creation

$___________Internet provider/domain/emails

$___________Legal fees for document review and consultation

$___________Mileage costs incurred for research, meetings, or appointments

$___________Internet and phone costs for research or submission of online documents

$___________Travel expenses incurred for securing prospective distributors, suppliers or customers

$___________Analysis/survey of potential markets, products, labor supply, transportation facilities

$___________Advertising/promotions – 1 month before launch date and 1 month after

$___________Advertising/promotion – kick off party or email blast or radio announcement

$___________Office Equipment –laptop, printer

$___________Office Furniture

$___________Office space

$__________ **TOTAL**

DEDUCTING BUSINESS EXPENSES

You can deduct business expenses on your business or personal income tax return, depending on the form of your business. These are the current operating costs of running your business. To be deductible, a business expense must be both ordinary and necessary. An ordinary expense is one that is common and accepted in your field of business, trade, or profession. A necessary expense is considered to be one that is helpful and appropriate for your business, trade, or profession. An expense does not have to be in-dispensable to be considered necessary.

The following are brief examples of some expenses that apply to most people starting a new business, whether as an independent contractor or a home-based business. There are many other expenses that you may be able to deduct, these are the most common. Also, we will further explain how to structure some of these expenses to make sure they qualify without any complications.

MISCELLANEOUS EXPENSES

- Advertising
- Expenses for operation of vehicles used in business
- Credit Card fees, processing fees
- Franchise fees
- Internet related expenses
- Legal and Professional fees
- Tax preparation fees
- License and regulatory fees
- Repairs
- Supplies and materials used in the business
- Utilities, electric, telephone

NONDEDUCTIBLE BUSINESS EXPENSES

- Anticipated liabilities
- Bribes and kickbacks
- Charitable contributions (except for C corporations unless itemizing personal deductions on Form 1040 Schedule A, you can list them there)
- Lobbying expenses/Political contributions
- Demolition expenses
- Club dues and membership fees incurred for any club organized for business, pleasure or any leagues, professional associations and trade associations

BREAKING DOWN EXPENSES

ADVERTISING

Any printing of business cards, post cards, brochures or any materials used in your business that are distributed to increase sales. Any marketing type materials, whether hard copy or digital such as websites and the cost associated with them to provide information to the public.

CREDIT CARD FEES

Any fees charged by the banking provider on business credit cards, as well as the fees associated with merchant accounts such as processing fees incurred to allow a business to accept credit cards for sales or services.

INTERNET RELATED EXPENSES

If you have a website and pay for internet services, you can also include part or all of the cost of your internet services, depending on whether your services is for business use only or for both business and personal. If both, you can only deduct a portion of the internet service fee based on where it is used and how, and what percentage is considered business use. When you are earning more and need to add expenses, you can simply add a second internet account exclusively for business then it can be 100% deductible.

SPECIAL FEES

For this section, we will bundle some of these together; legal and professional fees, license fees, tax preparation fees and regulatory fees. Accounting fees, payroll fees and others may also fall under this category. Although a few have their own line item deduction on the Schedule C.

EXPENSES FOR OPERATION OF VEHCLES USED IN BUSINESS

This is a much more detailed and sometimes complicated subject when it comes to qualified vehicle expenses. The first factor is whether you have more than one vehicle per adult driver in the house. This means you and your spouse or other adult should have one personal vehicle each and then you have at least one additional vehicle you use and claim for your business expenses. This is highly recommended if you do a lot of driving for your business and/or your business vehicle purchase was a higher value and you choose to depreciate the cost of that vehicle.

CAR AND TRUCK EXPENSES

If you use your car or truck in your business, you may be able to deduct the cost of operating and maintaining your vehicle. You may also be able to deduct other expenses of local transportation and traveling away from home overnight on business.

LOCAL TRANSPORTATION EXPENSES - Local transportation expenses include the ordinary and necessary costs of all the following:

- Getting from one workplace to another in the course of your business or profession when you are traveling within the city or general area that is your tax home.
- Visiting clients or customers.
- Going to a business meeting away from your regular workplace.
- Getting from your home to a temporary workplace when you have one or more regular places of work. These temporary workplaces can be either within the area of your tax home or outside of that area.

Generally, your tax home is your regular place of business, regardless of where you maintain your family home. It includes the entire city or general area in which your business or work is located.

Local business transportation does not include expenses you have while traveling away from home overnight. Those expenses are deductible as travel expenses and are discussed later under Travel, Meals, and Entertainment. However, if you use your car while traveling away from home overnight, use the rules in this section to figure your car expense deduction.

Example **-** You are a graphics designer. You operate your business out of your home. Your home qualifies as your principal place of business. You occasionally have to drive to your clients to deliver your completed work. You can deduct the cost of the round-trip transportation between your home and your clients.

METHODS FOR DEDUCTING CAR AND TRUCK EXPENSES - For local transportation or overnight travel by car or truck, you generally can use one of the following methods to figure your expenses.

- Standard mileage rate
- Actual expenses

STANDARD MILEAGE RATE - You may be able to use the standard mileage rate to figure the deductible costs of operating your car, van, pickup, or panel truck for business purposes.
If you choose to use the standard mileage rate for a year, you cannot deduct your actual expenses for that year except for business-related parking fees and tolls. If you use the standard mileage rate for a car you lease, you must choose to use it for the entire lease period (including renewals).

For ***2017***, the standard mileage rate is 53.5 cents per mile.

Parking fees and tolls - In addition to using the standard mileage rate, you can deduct any business-related parking fees and tolls. (Parking fees you pay to park your car at your place of work are nondeductible commuting expenses.)

Choosing the standard mileage rate - If you want to use the standard mileage rate for a car or truck you own, you must choose to use it in the first year the car is available for use in your business. In later years, you can choose to use either the standard mileage rate or actual expenses. **IMPORTANT NOTE: Once you choose to use actual expenses on a business vehicle you can NOT use actual mileage on that vehicle in any future year. You would have to switch to a new vehicle for business and claim Mileage. You can claim mileage in the first year and every year thereafter OR claim actual expenses, although, as stated above, once actual expenses are used you can never claim mileage on that vehicle.**

When is standard mileage rate not allowed – you cannot use the standard mileage format if you:

1. Operate five or more cars at the same time
2. Claimed a depreciation deduction using any method other than straight line, for example, ACRS or MACRS
3. Claimed a section 179 deduction on the car
4. Claimed the special depreciation allowance on the car
5. Claimed actual car expenses for a car you leased
6. You're a rural mail carrier who received a qualified reimbursement

ACTUAL EXPENSES - If you do not choose to use the standard mileage rate, you may be able to deduct your actual car or truck expenses.

If you qualify to use both methods, you should figure your deduction both ways to see which gives you a larger deduction.

Actual car expenses include the costs of the following items:

Depreciation	Lease payments	Registration
Garage rent	Licenses	Repairs
Gas	Oil	Tires
Insurance	Parking fees	Tolls

If you use your vehicle for both business and personal purposes, you must divide your expenses between business and personal use. You can divide your expenses based on the miles driven for each purpose.

Example - You are the sole proprietor of a flower shop. You drove your van 20,000 miles during the year. 16,000 miles were for delivering flowers to customers and 4,000 miles were for personal use (including commuting miles). You can claim only 80% (16,000 ÷ 20,000) of the cost of operating your van as a business expense.

RECORD KEEPING

Keep these items to support the deductions you claim:

- Receipts
- Canceled Checks
- Bills

You should also keep a mileage log to track your mileage for the year. For each trip (no matter how near or far), log these details:

- Date
- Miles Travelled
- Destination
- Purpose of Trip
    - Business
    - Personal Use
    - Commute to Work

DEPRECIATION EXPENSE

Depreciation - If property you acquire to use in your business is expected to last more than 1 year, generally, you cannot deduct the entire cost as a business expense immediately. You must spread the cost over more than 1 tax year and deduct part of it each year on Schedule C. This method of deducting the cost of business property is called depreciation. The method for depreciating most business and investment property placed in service after 1986 is called the Modified Accelerated Cost Recovery System (MACRS).

You can depreciate property if it meets all the following requirements.

- It must be property you own.
- It must be used in business or held to produce income. You never can depreciate inventory because it is not held for use in your business.
- It must have a useful life that extends substantially beyond the year it is placed in service.
- It must have a determinable useful life, which means that it must be something that wears out, decays, gets used up, becomes obsolete, or loses its value from natural causes. You can never depreciate the cost of land because land does not wear out, become obsolete, or get used up.
- It must not be excepted property. This includes property placed in service and disposed of in the same year.

Depreciation is the amount you can deduct annually to recover the cost or other basis of business property. This must be for property with a useful life of more than one year. You can depreciate tangible property but not land.

Tangible property includes:

- Buildings
- Machinery
- Vehicles
- Furniture
- Equipment

You can also depreciate the cost of improving tangible property. The improvement must:

- Add to the value of the property
- Significantly lengthen the time the property can be used
- Adapt the property to a different use

However, you’ll need to deduct the cost of repairs to keep the property in operating condition. You can’t depreciate the property for this reason.

Depreciating property - You can use the modified accelerated cost recovery system (MACRS) to depreciate. Use this for the property you place in service after 1986. Under MACRS, these three conventions determine when property is placed in service:

Half-year convention — In most cases, the half-year convention is used for personal property. Personal property includes machinery, furniture, and equipment. Under the half-year convention, a half-year of depreciation is allowed in the first year of depreciation. This applies regardless of when you actually placed the asset in service.

Mid-quarter convention — You’ll use the mid-quarter convention instead of the half-year convention if both of these apply:

- More than 40% of the assets were placed in service during the tax year.
- Those 40% of assets were placed in service in the last three months of the year.
- Property is considered placed in service at the midpoint of a quarter. This is true regardless of when it was actually placed in service during the quarter.
- You’ll be allowed to claim more or less than a half year’s depreciation. This depends on which quarter of the year the property was placed in service.

Mid-month convention — Real property (Ex: buildings) is depreciated under the mid-month convention. The property is considered placed in service at the midpoint of the month. This applies regardless of the actual date it was placed in service.

Section 179 deduction - You can elect to deduct a limited amount of the cost of certain depreciable property in the year you place the property in service. This deduction is known as the “section 179 deduction.” Under Section 179, you can claim a deduction in the current year. You’d do this by deducting all or a portion of the cost of certain property as opposed to depreciating it.
You can claim the Section 179 deduction when you placed these types of property into service during the tax year:

- Qualified tangible personal property
- Qualified real property expenditures, which include:
    - Qualified leasehold improvement property
    - Qualified restaurant property
    - Qualified retail improvement property

Qualified tangible personal property - For 2017, you can write off up to $500,000 of the cost of qualified tangible personal property. This deduction might be phased out dollar-for-dollar if you place $2 million or more of qualified tangible personal property into service in the year.

Property that qualifies for the Section 179 deduction includes:

- Tangible personal property, like:
    - Machinery
    - Equipment
    - Automobiles
    - Computers
- Certain research and storage facilities
- Single-purpose agricultural structures
- Off-the-shelf computer software

Limitations on Section 179 deduction - Your maximum Section 179 deduction cannot be more than the taxable income you get from the active conduct of the trade or business. So, you must carry over any excess Section 179 deduction. You'll do this until there's sufficient business income to allow the Section 179 deduction.

You might also be subject to the income limitation and have both types of expenses. If so, the 2017 deduction is allocated pro rata between each expense.

Increased depreciation deduction - Businesses located in these areas might qualify for an increased depreciation deduction:

- Enterprise zone placed in service before Jan. 1, 2012
- Renewal communities
- New York Liberty Zone placed in service before Jan. 1, 2010

These properties might also qualify for a special depreciation allowance:

- Certain property with a long production period
- Qualified Liberty Zone property placed in service before Jan. 1, 2010
- Qualified GO Zone property placed in service before Dec. 31, 2011

Depreciation rules for listed property - Special depreciation rules apply to listed property. Listed property includes:

- Passenger automobiles and other property used for transportation. It excludes vehicles that aren't likely to be used for personal purposes due to their nature or design, like:
  - Emergency vehicles, Large Trucks, Buses, other special-duty vehicles
- Property usually used for entertainment, recreation, or amusement — if it can't be used exclusively at a regular place of business. This includes these kinds of equipment:
  - Photographic, Communication, Video-recording
- Computers not used exclusively at a regular place of business

Cell phones aren't listed property. You can deduct or depreciate cell phones under the regular rules for business property. You don't need detailed documentation on usage.

You must use your listed property continuously for more than 50% of the time for business purposes. If you don't, you can't claim a Section 179 deduction. Instead, you must depreciate the property using the alternative depreciation system (ADS). The straight-line method is used under ADS.

Repairs - You cannot depreciate repairs and replacements that do not increase the value of your property, make it more useful, or lengthen its useful life. You can deduct these amounts on line 21 of Schedule C or line 2 of Schedule C-EZ.

The discussion of depreciation here is brief. For a more in depth understanding, you will find more information about depreciation in IRS Publication 946. The entire description can be found at https://www.irs.gov/pub/irs-pdf/p946.pdf .

Vehicle, Travel, & Entertainment Deductions Worksheet

Client Name:______________________________________ Tax Year: _______________________

The purpose of this worksheet is to help you organize your tax-deductible business expenses. What makes an expense tax deductible? It must be considered an "ordinary and necessary" expense. Do not include expenses which have been reimbursed, are expected to be reimbursed, or are reimbursable.

Vehicle Expense	
Description of Vehicle	
Date Placed in Service	
Odometer Reading—Beginning of Yr	
Odometer Reading– Ending of Yr	
Total Miles	
Business Miles	
Commute Miles	
Daily Average Round-Trip Commute	
Personal Miles	
Is Car Leased?	
Is Car Owned (or Financed)?	
Was this vehicle depreciated in a prior year?	
Gas, Lube, Oil	
Repairs & Maintenance	
Tires	
Insurance	
Auto License/ Registration	
Personal Property Tax	
Lease Payments	
Interest	
Auto Club	
Warranty	
Smog Certificate	
Other:___________________	
Total:	

Travel & Entertainment Expense	
Airfare, Train	
Car Rental & Gas	
Parking, Tolls	
Taxi, Bus, Shuttles	
Lodging	
Meals	
Entertainment	
Tips	
Telephone	
Dry Cleaning	
Other:___________________	
Total	

Other Information

TRAVEL, MEALS AND ENTERTAINMENT

This section briefly explains the kinds of travel and entertainment expenses you can deduct on Schedule C or C-EZ. *This is a summary of rules for deducting entertainment expenses. For more details about these rules, see publication 463 https://www.irs.gov/pub/irs-pdf/p463.pdf*

When Are Entertainment Expenses Deductible? As a general rule, you can deduct “ordinary” and “necessary” expenses to entertain a client, customer, or employee if the expenses meet the directly related test or the associated test.

- **<u>Entertainment</u>** includes any activity generally considered to provide entertainment, amusement, or recreation, and includes meals provided to a customer or client.
- **<u>Ordinary</u>** expense - is one that is common and accepted in your field of business, trade, or profession.
- **<u>Necessary</u>** expense - is one that is helpful and appropriate, although not necessarily required, for your business.

<u>DIRECTLY RELATED TEST</u> -

- Entertainment took place in a clear business setting, **or**
- Main purpose of entertainment was the active conduct of business, **and**
- You did engage in business with a person during the entertainment period, **and**
- You had more than a general expectation of getting income or some other specific business benefit.

<u>ASSOCIATED TEST</u> -

- Entertainment is associated with your trade or business, **and**
- Entertainment directly precedes or follows a substantial business discussion.

With this information in mind, the following is a brief discussion of the expenses you can deduct.

<u>ENTERTAINMENT EXPENSES</u> - You may be able to deduct business-related entertainment expenses for entertaining a client, customer, or employee. In most cases, you can deduct only 50% of these expenses.
The following are examples of entertainment expenses.

- Entertaining guests at nightclubs, athletic clubs, theaters, or sporting events.
- Providing meals, a hotel suite, or a car to business customers or their families.

MEALS - You cannot deduct the cost of your meal as an entertainment expense if you are claiming the meal as a travel expense. As well, you cannot deduct expenses that are lavish or extravagant under the circumstances. You generally can deduct only 50% of your unreimbursed entertainment expenses

TRAVEL EXPENSES - These are the ordinary and necessary expenses of traveling away from home for your business. You are traveling away from home if both the following conditions are met.

- Your duties require you to be away from the general area of your tax home substantially longer than an ordinary day's work.
- You need to get sleep or rest to meet the demands of your work while away from home.

TRANSPORTATION - You can deduct the cost of travel by airplane, train, bus, or car between your home and your business destination.

TAXI, COMMUTER BUS, LIMOUSINE - You can deduct fares for these and other types of transportation between the airport or station and your hotel, or between the hotel and your work location away from home.

BAGGAGE AND SHIPPING CHARGES - You can deduct the cost of sending baggage, as well as sample or display material between your regular and temporary work locations.

CAR AND TRUCK - You can deduct the costs of operating and maintaining your vehicle when traveling away from home on business. You can deduct actual expenses or the standard mileage rate (discussed earlier under Car and Truck Expenses), as well as business-related tolls and parking. If you rent a car while away from home on business, you can deduct only the business-use portion of the expenses.

MEALS AND LODGING - You can deduct the cost of meals and lodging if your business trip is overnight or long enough that you need to stop for sleep or rest to properly perform your duties. In most cases, you can deduct only 50% of your meal expenses.

CLEANING - You can deduct the costs of dry cleaning and laundry while on your business trip.

TELEPHONE - You can deduct the cost of business calls while on your business trip, including business communication by fax machine or other communication devices.

BUSINESS USE OF YOUR HOME

To deduct expenses related to the part of your home used for business, you must meet specific requirements. Even then, your deduction may be limited.

To qualify to claim expenses for business use of your home, you must meet the following tests.

1. Your use of the business part of your home must be:
    a. Exclusive
    b. Regular
    c. For your business, and
2. The business part of your home must be one of the following:
    a. Your principal place of business (defined later),
    b. A place where you meet or deal with patients, clients, or customers in the normal course of your business, or
    c. A separate structure (not attached to your home) you use in connection with your business.

EXCLUSIVE USE - To qualify under the exclusive use test, you must use a specific area of your home only for your trade or business. The area used for business can be a room or other separately identifiable space. The space does not need to be marked off by a permanent partition.

You do not meet the requirements of the exclusive use test if you use the area in question both for business and for personal purposes.

Example **-** You are an attorney and use a den in your home to write legal briefs and prepare clients' tax returns. Your family also uses the den for recreation. The den is not used exclusively in your profession, so you cannot claim a business deduction for its use.

Exceptions to exclusive use - You do not have to meet the exclusive use test to the extent you use part of your home in either of the following ways.

1. For the storage of inventory or product samples.
2. As a daycare facility.

REGULAR USE - To qualify under the regular use test, you must use a specific area of your home for business on a continuing basis. You do not meet the test if your business use of the area is only occasional or incidental, even if you do not use that area for any other purpose.

PRINCIPAL PLACE OF BUSINESS - You can have more than one business location, including your home, for a single trade or business. To qualify to deduct the expenses for the business use of your home under the principal place of business test, your home must be your principal place of business for that business. To determine your principal place of business, you must consider all the facts and circumstances.

Your home office will qualify as your principal place of business for deducting expenses, if you meet the following requirements:

- You use it exclusively and regularly for administrative or management activities of your business;
- You have no other fixed location where you conduct substantial administrative or management activities of your business.

Alternatively, if you use your home exclusively and regularly for your business, but your home office does not qualify as your principal place of business based on the previous rules, you determine your principal place of business based on the relative importance of the activities performed at each location. If the relative importance factor does not determine your principal place of business, you can also consider the time spent at each location. If, after considering your business locations, it is determined that your home cannot be identified as your principal place of business, then you cannot deduct home office expenses.

SELF EMPLOYMENT INCOME & DEDUCTIONS

When you are considered as a self-employed taxpayer, business owner, you report your income on IRS form Schedule C or Schedule CEZ. Your net income or loss becomes part of your gross income which is listed on IRS form 1040. The IRS defines net earnings from self-employment as gross income received from a trade or business, minus qualified business deductions/expenses.

As for self-employment, you must pay a self-employment tax on your net earnings, which is referred to as your social security tax. The self-employment SS tax for 2017 is 15.3% on your net earnings which is reported on IRS form Schedule SE. You can take ½ of this amount paid as an expense deduction on your Schedule C or most commonly known as profit or loss report. You are required by IRS laws to report all income whether or not you receive a 1099MISC form or cash payment not reported on a 1099MISC. Most individuals have a misconception that they only are required to report income that is reported on an IRS income statement they may receive from someone and it's okay not to report cash. This is a major violation of the IRS code on reporting income and could be considered as tax evasion.

You should understand how you can establish qualified, legitimate expenses to deduct from your gross income. There should never be an issue of reporting ALL income on your tax returns.

Also note that if you accept any tangible item in exchange for any services or you receive tangible item in exchange you are still required to report the fair market value of these items as income.

If you do accept cash as payments for any part of your business sales or services you must create a valid receipt and keep a copy for your records as proof of the transaction. You should directly deposit all cash, checks or money orders into the business operating account you have when you established your business banking account. We also recommend that you should avoid cash transactions by taking a check, credit card or money order as payment for your goods and/or services.

Following the steps that we are outlining in this booklet ensures you are using the proper accounting methods for cash. The IRS clearly expects for you to be able to produce a detailed record of all income and expenses so we will share some easy safe ways to help you keep those records.

Always keep both an electronic and hard copy of every month's bank statements listing all deposits, manual or electronic and all expenses. We recommend that you only use checks, a debit card or a business credit card to pay for all your business expenses and again keep both an electronic and hard copy of these. Note that many expense receipts today are printed on thermal paper, so we recommend that you make a paper copy of all receipts. You can copy more than one per page to save ink and paper if needed.

In the next few sections we will go over several different qualified expenses and how you should manage them, types of taxes, forms used, when and how your taxes need to be paid.

Self-employed health insurance deduction - You may be able to deduct the amount you paid for medical and dental insurance and qualified long-term care insurance for you and your family.

How to figure the deduction - Generally, you can use the worksheet in the Instructions for Form 1040 to figure your deduction. However, if any of the following apply, you must use the worksheet in chapter 6 of Publication 535 found at https://www.irs.gov/pub/irs-pdf/p535.pdf

- You have more than one source of income subject to self-employment tax.
- You file Form 2555 or Form 2555-EZ (relating to foreign earned income).
- You are using amounts paid for qualified long-term care insurance to figure the deduction.

Use Pub. 974 instead of the worksheet in the Instructions for Form 1040 if the insurance plan established, or considered to be established, under your business was obtained through the Health Insurance Marketplace and you are claiming the premium tax credit.

Prepayment - You cannot deduct expenses in advance, even if you pay them in advance. This rule applies to any expense paid far enough in advance to, in effect, create an asset with a useful life extending substantially beyond the end of the current tax year.

Example **-** In 2016, you signed a 3-year insurance contract. Even though you paid the premiums for 2016, 2017, and 2018 when you signed the contract, you can only deduct the premium for 2016 on your 2016 tax return. You can deduct in 2017 and 2018 the premium allocable to those years.

Other Insurance - You can generally deduct premiums you pay for the following kinds of insurance related to your business:

1. Fire, theft, flood, or similar insurance.
2. Credit insurance that covers losses from business bad debts.

3. Group hospitalization and medical insurance for employees, including long-term care insurance.
4. Liability insurance.
5. Malpractice insurance that covers your personal liability for professional negligence resulting in injury or damage to patients or clients.
6. Workers' compensation insurance set by state law that covers any claims for bodily injuries or job-related diseases suffered by employees in your business, regardless of fault.
7. Contributions to a state unemployment insurance fund are deductible as taxes if they are considered taxes under state law.
8. Overhead insurance that pays for business overhead expenses you have during long periods of disability caused by your injury or sickness.
9. Car and other vehicle insurance that covers vehicles used in your business for liability, damages, and other losses. If you operate a vehicle partly for personal use, deduct only the part of the insurance premium that applies to the business use of the vehicle. If you use the standard mileage rate to figure your car expenses, you cannot deduct any car insurance premiums.
10. Life insurance covering your employees if you are not directly or indirectly the beneficiary under the contract.
11. Business interruption insurance that pays for lost profits if your business is shut down due to a fire or other cause.

Nondeductible premiums - You cannot deduct premiums on the following kinds of insurance.

1. Self-insurance reserve funds. You cannot deduct amounts credited to a reserve set up for self-insurance. This applies even if you cannot get business insurance coverage for certain business risks. However, your actual losses may be deductible.
2. Loss of earnings. You cannot deduct premiums for a policy that pays for your lost earnings due to sickness or disability. However, see item (8) in the previous list.
3. Certain life insurance and annuities.
    a. For contracts issued before June 9, 1997, you cannot deduct the premiums on a life insurance policy covering you, an employee, or any person with a financial interest in your business if you are directly or indirectly a beneficiary of the policy. You are included among possible beneficiaries of the policy if the policy owner is obligated to repay a loan from you using the proceeds of the policy. A person has a financial interest in your business if the person is an owner or part owner of the business or has lent money to the business.

b. For contracts issued after June 8, 1997, you generally cannot deduct the premiums on any life insurance policy, endowment contract, or annuity contract if you are directly or indirectly a beneficiary. The disallowance applies without regard to whom the policy covers.

4. Insurance to secure a loan. If you take out a policy on your life or on the life of another person with a financial interest in your business to get or protect a business loan, you cannot deduct the premiums as a business expense. Nor can you deduct the premiums as interest on business loans or as an expense of financing loans. In the event of death, the proceeds of the policy are not taxed as income even if they are used to liquidate the debt.

Legal and Professional Fees - Legal and professional fees, such as fees charged by accountants, that are ordinary and necessary expenses directly related to operating your business are deductible on Schedule C or C-EZ. However, you usually cannot deduct legal fees you pay to acquire business assets, but, you can add them to the basis of the property.

If the fees include payments for work of a personal nature (such as making a will), you can take a business deduction only for the part of the fee related to your business. The personal part of legal fees for producing or collecting taxable income, doing or keeping your job, or for tax advice may be deductible on Schedule A (Form 1040) if you itemize deductions.

Tax preparation fees - You can deduct on Schedule C or C-EZ the cost of preparing that part of your tax return relating to your business as a sole proprietor or statutory employee. You can deduct the remaining cost on Schedule A (Form 1040) if you itemize your deductions. You can also deduct on Schedule C or C-EZ the amount you pay or incur in resolving asserted tax deficiencies for your business as a sole proprietor or statutory employee.

Rent Expense - Rent is any amount you pay for the use of property you do not own. In general, you can deduct rent as a business expense only if the rent is for property you use in your business. If you have or will receive equity in or title to the property, you cannot deduct the rent.

Unreasonable rent - You cannot take a rental deduction for unreasonable rents. Ordinarily, the issue of reasonableness arises only if you and the lessor are related. Rent paid to a related person is reasonable if it is the same amount you would pay to a stranger for use of the same property. Rent is not unreasonable just because it is figured as a percentage of gross receipts.

Related persons include members of your immediate family, including brothers and sisters (either whole or half), your spouse, ancestors, and lineal descendants.

Rent on your home - If you rent your home and use part of it as your place of business, you may be able to deduct the rent you pay for that part. You must meet the requirements for business use of your home.

Rent paid in advance - Generally, rent paid in your business is deductible in the year paid or accrued. If you pay rent in advance, you can deduct only the amount that applies to your use of the rented property during the tax year. You can deduct the rest of your payment only over the period to which it applies.

Taxes - You can deduct on Schedule C or C-EZ various federal, state, local, and foreign taxes directly attributable to your business.

Income taxes - You can deduct on Schedule C or C-EZ a state tax on gross income (as distinguished from net income) directly attributable to your business. You can deduct other state and local income taxes on Schedule A (Form 1040) if you itemize your deductions. Do not deduct federal income tax.

Self-employment tax - You can deduct one-half of your self-employment tax on line 27 of Form 1040.

Personal property tax - You can deduct on Schedule C or C-EZ any tax imposed by a state or local government on personal property used in your business.

You can also deduct registration fees for the right to use property within a state or local area.

Example - May and Julius Winter drove their car 7,000 business miles out of a total of 10,000 miles. They had to pay $25 for their annual state license tags and $20 for their city registration sticker. They also paid $235 in city personal property tax on the car, for a total of $280. They are claiming their actual car expenses. Because they used the car 70% for business, they can deduct 70% of the $280, or $196, as a business expense.

Real estate taxes - You can deduct on Schedule C or C-EZ the real estate taxes you pay on your business property. Deductible real estate taxes are any state, local, or foreign taxes on real estate levied for the general public welfare. The taxing authority must assess these taxes uniformly at a like rate on all real property under its jurisdiction, and the proceeds must be for general community or governmental purposes.

- Taxes for local benefits, such as those for sidewalks, streets, water mains, and sewer lines.
- Real estate taxes when you buy or sell property during the year.
- Real estate taxes if you use an accrual method of accounting and choose to accrue real estate tax related to a definite period ratably over that period.

Sales tax - Treat any sales tax you pay on a service or on the purchase or use of property as part of the cost of the service or property. If the service or the cost or use of the property is a deductible business expense, you can deduct the tax as part of that service or cost. If the property is merchandise bought for resale, the sales tax is part of the cost of the merchandise. If the property is depreciable, add the sales tax to the basis for depreciation.

IRS RULES EMPLOYEE VS INDEPENDENT CONTRACTOR

BEHAVIORAL CONTROL

Behavioral control refers to facts that show whether there is a right to direct or control how the worker does the work. A worker is an employee when the business has the right to direct and control the worker. The business does not have to actually direct or control the way the work is done – as long as the employer has the right to direct and control the worker. The behavioral control factors fall into the categories of:

- Type of instructions given
- Degree of instruction
- Evaluation systems
- Training

Types of Instructions Given - An employee is generally subject to the business's instructions about when, where, and how to work. All of the following are examples of types of instructions about how to do work.

- When and where to do the work
- What tools or equipment to use
- What workers to hire or to assist with the work
- Where to purchase supplies and services
- What work must be performed by a specified individual
- What order or sequence to follow when performing the work

Degree of Instruction - Degree of Instruction means that the more detailed the instructions, the more control the business exercises over the worker. More detailed instructions indicate that the worker is an employee. Less detailed instructions reflect less control, indicating that the worker is more likely an independent contractor.

Keep in mind that the amount of instruction needed, varies among different jobs. Even if no instructions are given, sufficient behavioral control may exist if the employer has the right to control how the work results are achieved. A business may lack the knowledge to instruct some highly specialized professionals. In other cases, the task may require little or no instruction. The key consideration is whether the business has retained the right to control the details of a worker's performance or instead has given up that right.

Evaluation System - If an evaluation system measures the details of how the work is performed, then these factors would point to an employee. If the evaluation system measures just the end result, then this can point to either an independent contractor or an employee.

Training - If the business provides the worker with training on how to do the job, this indicates that the business wants the job done in a particular way. This is strong evidence that the worker is an employee. Periodic or on-going training about procedures and methods is even stronger evidence of an employer-employee relationship. However, independent contractors ordinarily use their own methods.

FINANCIAL CONTROL

Financial control refers to facts that show whether or not the business has the right to control the economic aspects of the worker's job. The financial control factors fall into the categories of:

- Significant investment
- Unreimbursed expenses
- Opportunity for profit or loss
- Services available to the market
- Method of payment

Significant investment - An independent contractor often has a significant investment in the equipment he or she uses in working for someone else. However, in many occupations, such as construction, workers spend thousands of dollars on the tools and equipment they use and are still considered to be employees. There are no precise dollar limits that must be met in order to have a significant investment. Furthermore, a significant investment is not necessary for independent contractor status as some types of work simply do not require large expenditures.

Unreimbursed expenses - Independent contractors are more likely to have unreimbursed expenses than are employees. Fixed ongoing costs that are incurred regardless of whether work is currently being performed are especially important. However, employees may also incur unreimbursed expenses in connection with the services that they perform for their business.

Opportunity for profit or loss - The opportunity to make a profit or loss is another important factor. If a worker has a significant investment in the tools and equipment used and if the worker has unreimbursed expenses, the worker has a greater opportunity to lose money (i.e. their expenses will exceed their income from the work). Having the possibility of incurring a loss indicates that the worker is an independent contractor.

Services available to the market - An independent contractor is generally free to seek out business opportunities. Independent contractors often advertise, maintain a visible business location, and are available to work in the relevant market.

Method of payment - An employee is generally guaranteed a regular wage amount for an hourly, weekly, or other period of time. This usually indicates that a worker is an employee, even when the wage or salary is supplemented by a commission. An independent contractor is usually paid by a flat fee for the job. However, it is common in some professions, such as law, to pay independent contractors hourly.

TYPE OF RELATIONSHIP

Type of relationship refers to facts that show how the worker and business perceive their relationship to each other. The factors, for the type of relationship between two parties, generally fall into the categories of:

- Written contracts
- Employee benefits
- Permanency of the relationship
- Services provided as key activity of the business

Written contracts - Although a contract may state that the worker is an employee or an independent contractor, this is not sufficient to determine the worker's status. The IRS is not required to follow a contract stating that the worker is an independent contractor, responsible for paying his or her own self-employment tax. How the parties work together determines whether the worker is an employee or an independent contractor.

Employee benefits - Employee benefits include things like insurance, pension plans, paid vacation, sick days, and disability insurance. Businesses generally do not grant these benefits to independent contractors. However, the lack of these types of benefits does not necessarily mean the worker is an independent contractor.

Permanency of the relationship - If you hire a worker with the expectation that the relationship will continue indefinitely, rather than for a specific project or period, this is generally considered evidence that the intent was to create an employer-employee relationship.

Services provided as key activity of the business - If a worker provides services that are a key aspect of the business, it is more likely that the business will have the right to direct and control his or her activities. For example, if a law firm hires an attorney, it is likely that it will present the attorney's work as its own and would have the right to control or direct that work. This would indicate an employer-employee relationship.

All payments made to Independent Contractors will be listed on Form 1099-MISC and must be reported by January 31st of the next year. Employees income payments are reported annually on form W-2.

CONCLUSION

The information included in this booklet was for simplification and broad overview of information and how to proceed with establishing your own home-based business, how to determine if you want employees and how they can be categorized, easily identifiable tax deductions and dispelling some common myths that everything is deductible.

Your success is our desire. Therefore, we will continue to update this information as it may change every year. In addition, we will continue to add to it. The information included herein, was based on the most commonly asked questions for start-up. We welcome any recommendations for future revisions.

As always, this information is for informational purposes only and considered a broad overview. We are not giving any tax advice or counsel in this booklet. Everyone's personal and financial situations are unique and we recommend contacting a tax professional for a more detailed and thorough answer to your questions.