

TravelTax News September 2016

For Our Travel Healthcare Clients:

The 9th annual Travelers Conference is 1 week away. www.travelersconference.com
The 10th Annual Anniversary Conference will be in Sept 2017 at Ballys

For All

The due date for 2016 returns that have extensions is October 17 which is two months away. Now is the time to make your appointment to complete the return. :)

Also, if you have not filed your 2012 return BUT filed an extension for that year, the last day to claim your refund is Oct 17, 2016.

Federal

The GSA released the new per diem rates effective October 1, 2016. The rates can be found at <http://www.gsa.gov/portal/content/104877>

Effective immediately, the IRS will make all initial taxpayer examination contacts by mail, rather than by telephone. With the rash of phone scams, initial contacts with taxpayers has become too risky

Health insurance penalties are now the greater of \$695 per adult (\$347.50 per child) or 2.5% of income over the predetermined threshold

Social security wage base stays at \$118,500. If the end of the year is near and you have earned close to this amount, you have a 6.2% tax cut for every \$ earned beyond the amount for the rest of the calendar year.

Remember that the standard mileage rate is 54c/mile for 2016

Phone scams have gotten worse. The IRS will never call and threaten you with jail time, lawsuits or physical harm

The IRS is now allowing a streamlined approach to situations where an IRA rollover where the taxpayer received the check was not deposited into the new account within 60 days. It is not uncommon to request a distribution from an IRA to deposit into another account, receive a check and experience a delay in getting it to the new investment firm. We have posted the ruling to our blog. It includes situations like mail delays, death in the family and others

Victims of the LA floods can receive loans from their retirement accounts under a streamlined process

May be better to owe than get a refund

When we file our 2016 tax returns in 2017, it may be better to owe. Here is why: 1) The IRS plans to hold some refunds for a few weeks especially those that file for Earned Income Credit. 2) With the increasing identity theft problems, the IRS is being extra careful in reviewing returns which come create a few weeks delay in the arrival of the refund

The House passed a bill that would restore the medical expense deduction to its 7.5% threshold that was in place before the Affordable Care Act. Currently it is 10% except for those 65 and older

State

We have constructed a state tax matrix so we can quickly provide the amount of estimated tax payments to your home state that will be need to cover out of state work. These are necessary when you work in a state with a lower income tax rate than your home state.

On May 20, **Tennessee** Gov. Bill Haslam (R) signed into law a [bill](#) that reduces the Hall income tax, a Tennessee state tax on interest and dividend income from investments, gradually by one percent each year starting with the 2016 tax year. The Hall Tax is reduced from six percent to five percent for the 2016 tax year. The tax will be eliminated by 2022.

Minnesota now exempts most military pensions/retirement from state income tax beginning in 2016.

Alaska's governor failed in his attempts to enact a personal income tax. AK is one of eight states that currently do not have an income tax

Many states have beefed up their identity theft procedures. A number of states are sending notices requesting a verification of filing. These are not audits, and are a welcomed effort to combat a very serious problem.

Pennsylvania will be offering a tax amnesty program in 2017

http://www.revenue.pa.gov/taxamnesty/Documents/2017_tax_amnesty_program_guidelines.pdf

Pennsylvania and **Alabama** now require driver's licenses or state issued photo ID info to be provide with the returns to electronically file. More states will follow

CANADA

CRA has decided that all claims for foreign tax credits should come as official notices vs copies of tax returns from other countries. Effective immediately, clients will require an official Notice of Assessment from a foreign country to claim FTC. For US credits, a copy of the 1040, state return and W2s was was. One problem - the IRS and state tax agencies do not issue Notices of Assessments and some transcripts are not available till the summer. We will see how this plays out. CRA is allowing proof of payment or receipt of refund along with a copy of the return

When you are moving to the US or returning to Canada and have tuition carryforward credits, be sure that you don't waste them. Look at our blog for an article that we posted. <https://traveltax.wordpress.com/canada-us-cross-border-tax-2/>

INTERNATIONAL

The foreign income exclusion is now 101,300 for 2016