IRS Help, News, and More

THE IRS TATTLER

8th Edition
March 2018

10 Steps To Accurately Prepare Your Return

According to the federal government 60 percent of people us a paid preparer to complete and file their tax return. However, whether you do this on your own, or hire someone for help, being informed and having a local tax professional is beneficial for you, your family, and business. There may be a time when you could sleep relatively well at night without that sinking feeling gnawing at you that your money, your home, or even your freedom were in jeopardy from tax issues. We know filing taxes can be very complex, but Travis W. Watkins Tax Resolution and Accounting Firm has 10 steps to help prepare and file your taxes this year.

1. Collect All Tax Documents
You will need to collect all tax related documents, including your 1099s and W-2s, as well as any bond or stock sales. Having this together will will save quite a bit of time, but if not our staff of Attorneys and Enrolled Agents can pull Wage and Income transcripts on your behalf.

2. Gather Copies of Brokerage or Bank Statements
These are beneficial because they may contain information that will alert your accountant to any tax loss that you may have incurred since last year. Having the knowledge and expertise of our tax professionals to ensure your filing is accurate and in your best interest will help your business succeed.

3. IRS Contribution Proofs
If you are under 50 years of age, you can contribute up to $5,500 to your IRS, and those over 50 can contribute $6,500. Make sure to set aside the proofs of these contributions.

4. Gather Information about New Additions to Your Family and Social Security Information.
You need to get the Social Security information for all your children, even adopted children. Tax credits are available for your dependents.

5. Get any Work-Related Receipts Together
If you purchased something strictly for work purposes, this could possibly be deducted. However, you need a receipt to claim it. Recommendations on what can/can't be deducted is recommended from a local licensed tax professional.

6. Charitable Donations
When you donate something to charity, you can include that in your itemized deductions, which lowers your taxable income. However, you have to have receipts to acquire this deduction. You will also need to provide cancelled checks, receipts, and letters from the charitable organization.

7. Get Your Mortgage Receipts Together
Even though your mortgage company is going to provide you with a 1098 that shows the interest you have paid during the year during the year, it is still wise to save your mortgage receipts for tax time. If not, our team of accountants/bookkeepers can pull this information for you and help you file a successful return.

8. Tally Your Co-Pays
You can't deduct your insurance if pre-taxed, but you may be able to deduct the co-pays you are paying out of pocket. This includes documents from: pharmacy, hospital, Dentist, Optometrist, Etc...

9. Acquire Proof of Energy Efficient Items
You can receive credits on your taxes for vehicles, appliances and other items that are considered energy efficient, but you must provide proof of purchase in order to make these deductions.

10. Find Your Tax Return from Last Year
You should have a copy of the previous years return on-hand. If you are unable to provide the previous years tax return, an Attorney is able to pull your tax transcript.

Tired of feeling like just a number and waiting for months on end for your return to be filed? Making a switch to Watkins Tax will let you have that personal feeling and knowing that you are in good hands with your tax burden. Don't let fear of the unknown stop you from taking ownership of your taxes. There are many options that we can provide to give you a good night's sleep again. Our team of Attorneys, CPAs, and Enrolled Agents at Travis W. Watkins Tax Resolution and Accounting Firm is here to having you feel stress-free with your tax issues and helping you stay on the right path with resources for the future. Sticking your head in the sand on these matters will only add to the pressure, anxiety, and financial troubles! This is your livelihood at stake. Call us today for your FREE consultation at 800-721-7054 or visit TravisWatkins.com.

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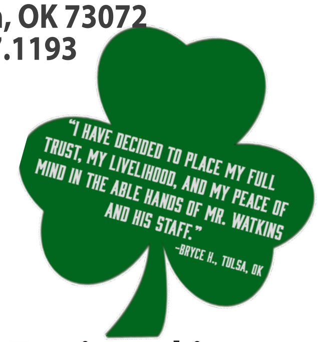


Alimony Deduction Elimination

On January 1, 2019, alimony payments will no longer be tax deductible. Likewise, under the new 2018 Tax Act, alimony will no longer be considered taxable income. Divorce support agreements executed before the end of 2018 are not affected by the new rule.

Alimony, or spousal support and maintenance typically becomes part of the divorce decree when one spouse cannot meet his or her living expenses without financial assistance from the spouse, who can afford to pay the alimony. The support is usually temporary, for example when the former spouse needs time to return to the job market or raise the children.

For couples becoming exes in 2019, divorce negotiations could become more complicated. There will be less incentive for the paying spouse to provide more alimony in anticipation of a tax break. According to some divorce experts, this could result in spouses having less money to live on. On the plus side, the recipient's income tax brackets will no longer be pushed upward by alimony income.

There are other tax-related downsides or potential benefits, where the expert advice of a tax attorney would be a definite plus.

Arguments for the new alimony tax rules are two-fold:
1. Tax breaks for alimony amount to a "divorce subsidy." Besides, child support payments have never been subject to taxation.
2. Researchers estimate that the new rule could, over the next ten years, increase federal revenues by $6.9 billion.

Arguments against:
1. As described above, higher earning spouses could pay less to exes-about 10 to 15% of what was formely on the table because of tax deductibility.
2. What does not go to the ex-spouse in the form of support payments, goes instead to the government as formely sheltered income is exposed to tax liability.

So, one thing the new Tax Act of 2018 did not do was simplify the code. A tax attorney can help you navigate the rules to transition between the old (2017) and the new (2018) rules. If you or someone you know is dealing with this transformation and don't know where to turn when filing or how to handle this tax matter, call Travis W. Watkins Tax Resolution and Accounting Firm at 800-721-7054 or visit TravisWatkins.com. Take action today and stay on the right path with resources for the future!

My spouse is to blame!

What if your spouse is to blame for your tax problem? The IRS realizes this may be a possibility, and has carved out a collection alternative known as Innocent Spouse Relief. General rules of Innocent Spouse Relief are as follows:

1. The innocent spouse filed a joint income tax return.
2. There is an understatement of tax on the joint return that is attributable to an erroneous item of the other spouse.
3. The innocent spouse establishes that when he she signed the return he or she did not know (and had no reason to know) or the understatement of tax.
4. Taking into consideration all of the facts and circumstances, it is inequitable to hold the innocent spouse liable for the joint tax defisiency, penalties and/or interest.
5. The spouse claiming relief elects the benefits of innocent spouse relief not later than 2 years after the date the IRS begins collection activities (final notice intent to levy).

Innocent Spouse Relief is a fact-intensive endeavor and it is difficult to prove. The rates of success are low, and must usually be appealed. This is one area where you need the expertise of a local qualified tax professional. Call Travis W. Watkins Tax Resolution and Accounting Firm for your Free consultation at 800-721-7054 or visit TravisWatkins.com today!

Meet Our Team

-Daron Southerland, Case Manager

Daron Southerland is an Attorney here at Travis W. Watkins Tax Resolution and Accounting Firm. He attended Oklahoma State University where he graduated with a Bachelor's degree in Hotel and Restaurant Administration. After several years of managing in the hospitality industry, he attended Oklahoma City University School of Law, obtaining a Juris Doctor and a certificate in Estate Planning. While in Law School, Daron took several tax specific courses and received the Oklahoma Bar Association Taxation Section Award for Excellence in Tax Law.

When he is not at work, Daron enjoys spending time with his wife Kristen, daughter Caroline, and son Drexel.

Obstructing the IRS may cost you

A Texas man has been charged with eight tax crimes.

Edward J. Crouse turned himself in after a federal grand jury indicted him for two counts of tax evasion for his 2011 and 2012 tax returns, five counts of willfully failing to truthfully account for and to pay over employment tax withholdings, and one count of obstructing and impeding the IRS.

If convicted, he faces up to five years for each of the tax evasion charges and for willfully failing to truthfully account for and to pay over employment tax withholdings, while the obstruction charge carries a maximum sentence of three years. He also faces a possible $250,000 fine on each of the counts.

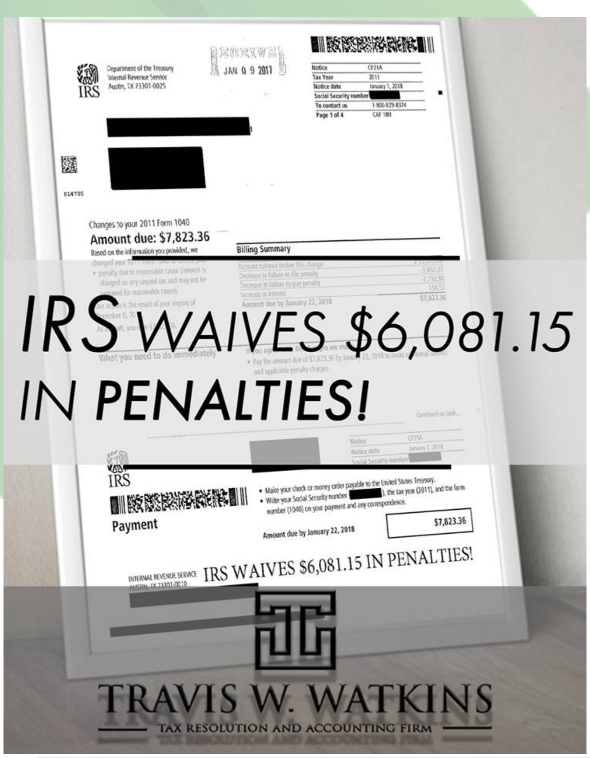
Rapper Master P Owes $1.5 Million in Back Taxes

The rapper, actor, businessman and former basketball player known as Master P owes $1.5 million in back taxes to the Internal Revenue Service, according to documents obtained by The Blast.

Master P, whose real name is Percy Robert Miller, first came to fame through the hip hop group TRU before going on as a solo artist. His second album, *Ghetto D*, went platinum. Master P also starred in a film about his life, I'm Bout It.

Master P went on to release 13 albums, and in 2013, Forbes magazine estimated his net worth at $350 million. But the rapper and businessman has had his share of hard times. His record label, No Limit Records, filed for bankruptcy in December 2003. According to documents obtained by *The Blast*, Master P owes taxes for 2004, 2005 and 2008.

Galvez, Victor. "Master P's Message For LaVar Ball Regarding Donald Trump's Help In China Situation." ClutchPoints, 27 Nov. 2017, clutchpoints.com/master-p-thinks-lavar-ball-dead-wrong-for-not-thanking-donald-trump/.



IRS waives $6,081.15 in penalties!

A client came to us who hasn't filed her tax returns in years. She thought her husband at the time, was filing for her. After her life was heading in a downwards spiral she split ties with her husband. This is when she found out about her tax liability and didn't know where to turn. Once we were able to get her in compliance, we were able to have the IRS waive her penalties totaling $6,081.15!

There may be a time when you could sleep relatively well at night without that sinking feeling gnawing at you that your money, your home, or even your freedom were in jeopardy from tax issues. It is possible to get to that place again, but it starts with you. Call Travis W. Watkins Tax Resolution and Accounting Firm for your Free consultation at 800-721-7054 or visit TravisWatkins.com.

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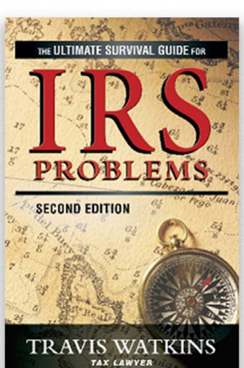
TRIVIA QUESTION:

ON AVERAGE, HOW MUCH DO AMERICANS SPEND EVERY YEAR DOING THEIR TAXES?

A) \$27.7 Billion B) \$65.2 Billion C) \$13.7 Billion

PREVIOUS QUESTION/ANSWER:

IN 2010, GENERAL ELECTRIC MADE OVER \$4 BILLION IN U.S. PROFITS. HOW MUCH DID THEY PAY IN TAXES?
C) \$0



FREE IRS Survival Book

Redeem this coupon in one of our 4 locations for your FREE copy of *The Ultimate Survival Guide for IRS Problems.* You can also download your FREE version at TravisWatkins.com.

DEADLINES:

- March 15, 2018-deadline for filing an S Corporation or Partnership return or extension.

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