

## Need a Copy of Your Tax Return?

The Internal Revenue Service now charges \$50.00 for a complete copy of your tax return. However, Fiscal Tax retains our clients returns for 10 years and is available year-round to provide FREE copies whenever you should need one.

## Avoid IRS and Indiana Penalties

If you don't file or pay your taxes on time, both IRS and Indiana can charge up to 25% annual interest and penalties on any unpaid balance.

## Child Tax Credit

The \$1,000 Child Tax Credit (or added refund) cannot be claimed the year your child turns 17 even if they are a student. Obviously the members of our Congress believe it costs less to raise a child once they turn 17.

## Overlooked Deductions

The following items are often overlooked by taxpayers who itemize their deductions:

- Depreciation on a self-owned computer or cell phone required to do your job
- Education that is employment related
- Home office or part of your home used regularly and exclusively in your work
- Job search expenses in your present occupation
- Business, medical, and charitable mileage
- Legal fees related to doing or keeping your job and protecting or collecting taxable income
- Tools, supplies, and safety equipment used in your work
- Travel, transportation, entertainment, and gift expenses related to your work
- Uniforms and the cost of their upkeep

**The tax code is complicated.  
Consult one of our tax  
professionals for expert advice.**

## IRS Warning About Email and Phone Scams

If you receive an **email** claiming to be from the IRS that contains a request for personal information:

1. Don't reply
2. Don't open any attachments
3. Don't click on any links

If you receive a **phone call** from someone claiming to be from the IRS but you suspect they are not an IRS employee:

1. Record their name and badge number
2. Ask for a call back number and make a note of the caller ID if available

## Affordable Care Act Changes

The most significant law that could have a negative impact on your 2016 refund is the **Affordable Care Act (ACA)**. The penalty for not having medical insurance in 2016 can be \$695 per adult and \$347 per child — or 2.5% of AGI up to \$2,085 per tax return. You may be able to get an exemption.

The changes to this law are extremely complicated. We can help determine how it impacts you and if you qualify for exemptions to avoid or reduce your penalty.

## There's No Need To Wait

Ask us how you, or someone you know, could qualify for a  
**TAX REFUND ADVANCE LOAN\***

UP TO **\$1200**  
**AT 0% INTEREST\*\***

**Get your money within 24 hours after the  
IRS accepts your 2016 tax return.**

**That's As Soon As 3 Weeks Earlier Than The IRS.**

\*The EPS Refund Advance is an optional tax refund related loan provided through Met a Bank® (it is not the actual tax refund) at participating locations. The amount of the advance will be deducted from tax refunds and reduce the amount that is paid directly to the taxpayer. Tax returns may be filed electronically without applying for this loan. Loans offered in amounts of \$500, \$800, or \$1,200. Availability is subject to satisfaction of identity verification, eligibility criteria, and under writing standards. IRS delays may affect the delivery timing of loan proceeds.

**\*\* National chain charges 36% APR for Advance Money**



John Striewe  
Founder & President

# 2016 Tax Tips

Serving  
Indiana  
Taxpayers  
Year Round  
For 41 Years



# Fiscal Tax

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# 2016 Tax Tips from Fiscal Tax • 20 Convenient Locations

## 1) IRS Required To Hold Refunds

In order to reduce tax fraud, the Internal Revenue Service is holding refunds until February 15, 2017 for tax returns with Earned Income Credit or Child Credit.

## 2) Indiana Return Tips

- Don't forget, Indiana allows you to deduct the first \$3,000 you paid in rent and the first \$2,500 of property taxes.
- Indiana now allows a \$1,000 deduction for each child that attends a private school; parochial school; or is home schooled for grades K-12.

## 3) Education Credits

The American Opportunity Credit can increase your refund by up to \$2,500 per student. Also, you could qualify for a \$1,000 refund even if you had zero income, but your parents cannot claim you as a dependent. The tax break is allowed the year you pay the tuition even if you used a student loan to pay for it. Form 1098T is required.

## 4) Student Loan Interest Deduction

The deduction for Student Loan Interest can ease the burden of payments for student loans. If you pay interest on a qualified Student Loan, you are generally able to deduct the interest expense up to \$2,500.

## 5) Effect of Changing Withholding Exemptions

For each exemption change you make, your refund will increase or decrease by \$540 to \$1,000. It's controlled by your tax bracket which can be 15%, 25%, or 28%.

## 6) High Income Earners

High income earners are not only subject to higher tax rates, including the 3.8% surtax, but also an increased Medicare tax of 0.9% on wages above certain thresholds.

## 7) IRS and/or Indiana Notices

If you receive a notice from the IRS or Indiana, don't assume that it is correct and automatically pay it. Many notices just require you to give more information to show why you do not owe additional taxes or penalties. Consult with your tax preparer when you receive tax notices.

## 8) Unemployment Compensation

Unemployment may or may not be fully taxable income on your Indiana tax return. Unfortunately, unemployment compensation may reduce your earned income credit.

## 9) Earned Income Credit (EIC)

### Credit amounts increased for taxpayers with children.

There is an increase on EIC in 2016 for taxpayers with one or more qualifying children. The EIC reduces the tax you owe and gives you a refund even if you do not owe any tax.

For tax year 2016 the maximum credit is:

- \$6,269 for three or more qualifying children
- \$5,572 for two qualifying children
- \$3,373 for one qualifying child
- \$506 if there are no qualifying children
- \$501 on your Indiana Tax Return

## 10) Standard Mileage Rates

The 2016 rate for business use of your vehicle is 54¢ a mile. Plus you can deduct 23¢ per mile for travel associated with medical visits and 14¢ per mile for charitable mileage. Special Note: The IRS has increased the number of audits for taxpayers claiming mileage deductions. It's important to have a mileage log or all deductions could be disallowed.

## 11) Home Office Deduction

Under the Home Safe Harbor Method, the number of square feet used exclusively for an office is multiplied by \$5.00 per square foot for a maximum of 300 square feet (or a maximum deduction of \$1,500.)

## 12) Teachers

There is a \$250 deduction for teachers spending their own money for classroom supplies.

## 13) Gambling Winnings

If you win at the casino, you may receive a W-2G tax form that day. Be sure to keep it in a safe place until tax time and give it to your tax preparer. Save your losing lottery tickets, too. If you win, you can deduct the losses up to the amount of your winnings.

## 14) ROTH Retirement Advantages

1. Never pay Federal or Indiana taxes on your earnings
2. All distributions are tax and penalty free if you have had an account for at least 5 years or you reach age 59½
3. There are no required minimum distributions at age 70½ or older
4. There is no longer an income limitation for conversions and rollovers into ROTH-IRAs
5. Withdrawals from inherited ROTH-IRAs are usually tax-free

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Indiana Taxpayers  
Year Round For 41 Years.**

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