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The new year is now here, and it brings with it the biggest changes in the tax laws in 30 years. Your 2018 tax return may be very different from prior years. The form will definitely look different. The four biggest changes are: 1) the standard deduction has been greatly increased for all taxpayers, 2) no unreimbursed employee business expenses (union dues, mileage, education, supplies, etc.) are allowed, 3) real estate tax plus state income taxes paid (SALT) is limited to 10,000, and 4) most businesses will pay income tax on only 80% of their profit (C corporations are the only exception). Please see the enclosed tax summary to give you an idea of what to expect.

We will carefully analyze your itemized deductions to see if the new, larger standard deduction is better for you. Married couples are most likely to be affected by the larger standard deduction. One tax strategy would be to bunch your charitable and medical deductions into one year so that you can itemize at least every other year.

The IRS is tightening the rules in many areas to try to prevent tax fraud. A **driver's license** number (or state ID) is now required to be entered into the tax return for security purposes. Anyone who did not provide us with their driver's license for last year's return, please be sure to bring a copy of both spouse's licenses, if married. New IRS procedures obligate us to ask you more questions if you receive Child Tax Credit, Tuition Credits, and especially Earned Income Credit.

The **Affordable Care Act (Obamacare)** that mandated health insurance for everyone is still in effect for 2018, including the penalty (but the penalty will be removed in 2019). **FORM 1095 will be issued to everyone who had health insurance; please bring it to the appointment. If you received a subsidy from Obamacare, we must have form 1095-A.**

For college students, the **American Opportunity Tuition Credit** and **Lifetime Learning Credit** are largely unchanged (Tuition and Fees Deduction was not renewed). **IF YOU CLAIM COLLEGE TUITION CREDITS, FORM 1098-T IS REQUIRED**. The college or trade school provides this to the student, not the parents, so please alert your child to look for it.

**PLEASE DO NOT SEND SENSITIVE DOCUMENTS BY EMAIL UNLESS THEY ARE ENCRYPTED. Unencrypted emails are not secure.** To facilitate the safe transfer of documents, we have established a **secure web portal**. This will allow you to securely transfer documents to us by logging into our portal and creating an account. To begin this service, please send us an email requesting it; we will then respond with a link for you to create your private, secure account.

We also have a **HIPAA compliant fax service (630-766-6090)**, the same as those used by health care providers. Please be aware that a fax is not considered completely secure.

**Seniors:** Be sure to request the **Senior Homeowners Exemption** on your real estate taxes, which is available to anyone once they turn 65. In addition, most counties have raised the income limit to \$65,000 (household income) for the **Senior Freeze** on real estate taxes. Anyone over age 70 1/2 and taking **Required Minimum Distributions from their IRA** may be better served by donating the RMD directly to the charity of their choice. This is called a **Qualified Charitable Distribution**. It reduces taxable income by the amount of the contribution, but then is no longer deductible as an itemized deduction. Please talk to the charity and your financial institution to set this up.

The IRS has increased scrutiny of **Financial Assets over \$10,000 outside the U.S.** There are large penalties for non-reporting of Foreign Financial Assets.

All **businesses** and **landlords** are required to file **Form 1099-Misc by January 31** for any person (not corporations) who is **paid \$600 or more** as an **independent contractor**. Any **single charitable contribution of \$250** or more must be documented by a proper written letter from the charity.

If you have **sold investments**, please review your documents and record the cost basis and purchase date. (If you receive a **1099-B, you sold an investment**). Please call your stockbroker or financial institution and have them provide the average cost basis. **We strongly recommend that you have your financial institution provide you with cost basis; they should do this at no charge.** There will be a fee if we are asked to do it for you.

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**Please complete the expanded checklist** that is included with this letter; it can save you time, money and penalties. Please also provide **written totals for your deductions** (not verbal), including charitable contributions, medical expenses, business mileage, home office expenses, and other business expenses. If you want **direct deposit of your refund**, please provide us with the name of your bank, routing and account number, and whether it is checking or savings (**a copy of a check is preferred**). If we do not have **written direct deposit** information, it will default to a check in the mail.

Please bring **receipts** for **non-cash charitable donations** and the value of the donation. If you receive a new or revised document after your tax return has been completed, there will be a **re-do fee**. Of course, if we make an error, we will correct it at no charge.

We require **payment of our tax preparation fee before filing**. If this is a hardship, we can make arrangements to hold a post-dated check at a small additional charge. An **Engagement Letter** is enclosed that sets out our mutual understanding of the tax preparation process and fees. **Please sign and return the Engagement Letter** with your tax documents. Due to insurance guidelines, we cannot process your return without payment and the signed Engagement Letter.

Our **REFERRAL DISCOUNTS are \$40**. Both you and the new client receive **\$40 off tax prep** for full-price referrals; \$20 each for less complex returns. Please ask us for a price quote for new clients, as their return may not be the same as yours. Simple **tax returns for dependent children are \$35**. We guarantee the same price for two years on all tax returns, as long as the return remains the same.

**We have appointments Monday, Wednesday, Friday, Saturday, and some Sundays.** A limited Tuesday-Thursday schedule is available, if there are no other options. Walter Kurzeja is reducing his hours this year and will not be taking appointments. Linda or Tom Banakis are available in his place.

Our office staff is always happy to answer a brief question or two at no charge, but Greg and Linda have very limited availability during tax season. While **the tax appointment does not allow time for tax planning or consultation**, we offer personal and small business tax consultations after tax season. **A fee is expected for consultations and for projected tax returns.**

The **Law Office of Linda Ganster LLC, Attorney-at-Law** offers real estate closings and new business creation. The phone number for Linda's separate company is **630-766-4322**.

Thank you for your past patronage, and we look forward to serving you again this tax season. For additional information and checklists, please see our website, **www.glindatax.com**. And remember: **PLEASE DO NOT SEND SENSITIVE DOCUMENTS BY EMAIL UNLESS THEY ARE ENCRYPTED.**

Sincerely,

Greg and Linda Ganster

Disclosure: Linda Ganster, a licensed Illinois attorney, is an owner of Glinda Company, Inc.

Disclaimer: Linda Ganster is an employee of Glinda Company, Inc., and as such, acts only in the capacity of a tax preparer during the tax appointment. **To discuss any legal matter you may have, Linda may be reached at her separate company, the Law Office of Linda Ganster LLC, at 630-766-4322.** No attorney client relationship shall arise from any information contained in this letter without a written agreement signed by both the client and the attorney. The use of Internet e-mail for confidential or sensitive information is discouraged as it may violate any attorney client confidentiality. This letter is intended to be attorney advertising material, and not solicitation, nor legal advice.