|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| YC:\Users\The Boyce's\AppData\Local\Microsoft\Windows\INetCache\Content.Word\New-Hampshire-Chapter-Logo-White-Bkgd.jpg |  | |  | | --- | | **Upcoming Seminars**    **May 23, 2019**  **October 24, 2019**  **December 5, 2019** | | Dec. 6, 2018 | |
|  |  |  |
| **National WEBSITE: natptax.com**  **fACEBOOK** | **fACEBOO** | **NH Website: NHNATP.com** |

**HOW THE GOVERNMENT SHUTDOWN AFFECTS THE IRS**

As we go to press, the government is still shutdown. The IRS is affected by the shutdown because it is not already funded through September 2019. Temporary funding for the IRS was enacted in the Continuing Appropriations, Act 2018, Division D of P.L. 115-56, and extended up to December 22 by P.L. 115-90. Negotiations are continuing.

In anticipation of a lapse in funding, Treasury in late November issued a fiscal year 2019 “Lapsed Appropriations Contingency Plan” that governs what will happen at the IRS during a government shutdown, but only through December 31. Seeing the government shutdown has passed that point, a new plan needs to be formulated.

The original plan identifies 9,946 IRS employees as “excepted/exempt” employees who would not be furloughed. The rest of the IRS’s 79,868 employees (as of Nov 10) would be furloughed, meaning that they will be put on leave of absence without pay.

Certain IRS activities continue during a shutdown, including activities already funded outside of the Contingency Appropriations Act and activities necessary for the safety of human life or protection of government property. These activities include continuing to complete and test upcoming filing year programs; processing electronic returns, up to a point of refund; processing paper returns through “batching”; processing remittances; and maintaining criminal law enforcement operations.

However, most IRS activities will stop during the shutdown. Those “non-excepted” activities under the plan include: Issuing refunds

Processing Form 1040-X amended returns

All audit functions and examinations of returns

Processing paper tax returns that do not include remittances, and

Taxpayer services, such as answering taxpayer questions

Initially, the IRS anticipated that preparation for the 2019 tax filing season would not be affected by the shutdown, but as each day passes, that becomes more dubious. Add that to the fact that IRS warned of a delay due to the enormous work needed to accommodate the Tax Cuts and Jobs Act of 2017! *(Reprinted, in part, from the TaxProf Blog article by Paul L Caron, Dean, Pepperdine University of Law)*

**NH DEPARTMENT OF REVENUE ADMINISTRATION UPDATES**

Peter Colbath, MS, CPA, from Division of Taxpayer Services spoke to our group at our December seminar. Here are the important changes for 2018.

The filing requirement for the BPT remains at 50,000 gross receipts. For BET the gross receipts increases from 207,000 (or enterprise values tax base 103,000) to 208,000 & 104,000. For 2019 it increases again to 217,000 & 108,000. The BPT will now conform to IRS code in effect on 12/31/16. So, the allowable sec179 increases from 100,000 to 500,000.

The tax rates have changed as well. The BPT for 2018 is 7.9% down from 8.2%. The BET will be .675% down from .72%. For 2019 the BPT will be 7.7% and the BET rate will reduce to .6%.

Since the BPT conforms to 2016 tax code, NH will allow a 1031 exchange on personal property (i.e. Auto trade in) where on the Federal return only Real Property is eligible to do a 1031.

Net Operating Loss (DP132) goes back 10 years. If the form was filed every year the taxpayer can request in writing the NOL history. If the form was not required to be filed (thinking Schedule E rental) because the gross receipts were under 50,000 then the Schedule E for those 10 years could be attached and the Form DP132 filed to reduce the taxable BPT tax. Remember if the taxpayer assisted in ANY way when a property is sold the allowable personal compensation can be the remaining percentage (15% total allowed) after the realtor commission is subtracted. So, if the realtor charges 6% the taxpayer could deduct 9% as personal compensation (if assisted somehow) on the BPT form.

There is a BPT form change - when there are other adjustments than what adjustments have an assigned line - there will be a schedule (check the box) to explain what comprises these "other" adjustments. The 1031exchange could be one of these other adjustments.

Peter reminded us again about each SMLLC must file separate returns using an EIN or DIN. NOT FILED UNDER THE SOCIAL SECURITY NUMBER.

An extension is automatic so if NO money will be sent with the extension then DON'T file the extension.

*(Submitted by Lynn Annicchiarico, Past President NH NATP)*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

***Speaking of the NH DRA, Peter also shared………***

**NH DRA Common Filings Errors and Reminders**

* SMLLC not filing separately from its owner
* Incomplete reporting of Gross Profits for Proprietorships
* Primary taxpayer’s name on the spouse line
* Joint proprietorship business returns
* Statute of Limitations – RSA 21-J:29, REV 307,10, REV 906.06, REV 2470,04 and REV 2405.03(b)
* Income from trusts – RSA 77:10
* Incorrect tax rate for fiscal year and short year returns
* Apportionment
* Fair and reasonable compensation
* Forms or part of a from missing
* Old versions of DRA forms
* For DP-160 is not required for every filing
* Attachments missing
* Extension form filed with no money due
* Net operating loss
* Use of separate accounting
* Filing a paper return after submitting a return through the MeF system
* MeF submission errors;
  + Math errors
  + Required to file BPT, but no BPT form is present
  + Required to file BET, but no BET form is present
  + Combined group submissions
  + Reporting BET credits on the incorrect line
  + Not required to file a BET, yet calculate an enterprise value base and no BET (math error)

**ADDITIONALLY, HERE IS CONTACT INFORMATION FOR THE NH DRA……….**

Website: [www.revenue.nh.gov](http://www.revenue.nh.gov)

Telephone Assistance: 603-230-2920 (8:00 AM to 4:30 PM)

Tax Forms: [www.revenue.nh.gov/forms/index.htm](http://www.revenue.nh.gov/forms/index.htm)

Telephone 603-230-5001

Comments about Tax Forms: FormsCommittee@dra.nh.gov

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Scorecard on the December 6, 2018 seminar….**

Program Respondents Rated 1-3 Rated 4 Rated 5

NH DRA – Peter Colbath 41 2 4 35

97.9% of the attendees gave this session a 4 or 5 rating

Tax Considerations when Buying

or Selling a Business- Sari Strasburg 41 4 8 29

90.6% of the attendees gave this session a 4 or 5 rating

Solar Net Metering – Richard Labrecque 39 11 8 20

71.8% of the attendees gave this session a 4 or 5 rating

NHES Web Reporting & Audit Issues –

Wayne and Janet 37 3 5 29

91.1% of the attendees gave this session a 4 or 5 rating

**Some comments:**

Love Peter Colbath!

Obstructed view – second screen needed

Speaker very dry

Insufficient time allotted

Questions from the floor need to be repeated through the mic

Please keep in mind that your evaluations are extremely important to the officers and directors on NH NATP. We value your opinion. And we use your opinions in the planning of future seminars. As an organization vested in the importance of education and learning, we realize that not all subject matter may be useful to all attendees because of the various needs of each attendee and their particular focus in their own tax preparations. We do honor requests for specific subject matters. The Education Committee of NH NATP works hard to provide educational seminars and speakers that appeal to as many members as possible.

**KUDOS to the Education Committee. You have an excellent track record of providing quality education!**

Late Christmas Riddle…………

How does Santa’s accountant value his sleigh?

(Answer – Net Present Value)



**Tidbits……………………………….**

**IRS Closes Transcript Faxing Service to Boost Security**

To increase information security, the IRS will stop its tax transcript faxing service as of February 4, 2019.

The IRS said that it worked with the tax prep community to agree that the move will meet practitioners’ needs in e-filing individual returns while further safeguarding taxpayer data.

Cybercriminals who steal transcripts use them to file fraudulent returns that are difficult to detect because they closely mirror a legitimate return. In September, the iRS began to mask personally identifiable information on the transcript.

Discontinuation of the faxing service also applies to business tax transcripts. Business tax transcripts are not masked, however.

Individuals can still call the IRS for a masked tax account transcript. Taxpayers can go to IRS.gov for Get Transcript Online, verify their identities and create an account. They can then view or download a copy of their transcript immediately.

Starting January 7, tax professionals who contact the practitioner priority service number may, with proper authorization, have an unmasked Wage and Income transcript deposited in their e-Services secure mailbox. Practitioners must meet certain requirements to use the secure mailbox option.

Tax professionals also can request that an unmasked Wage and Income transcript be sent to the client’s address of record, while taxpayers can request an unmasked transcript for tax prep.

*(Jeff Stimpson, TaxPro Today, December 20, 2018)*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Taxpayers confused by W-4s**

A H&R Block survey found that, as a window for correcting paycheck withholding errors closed, more than half the respondents failed to update their withholding, and they don’t know why.

Only 46% of the respondents said they felt prepared to update their W-4 on their own, and many showed confusion over what information a W-4 uses, when and where to submit a W-4, and how allowances increase or decrease withholding.

Taxpayers mostly want to get the same size refund as they have in the prior years, while 47% actually expect a larger refund. But they haven’t taken action to make that happen.

Only 19% of the respondents updated their paycheck withholding after tax reform. Another 40% said they updated their W-2 after tax reform (which cannot be done), and another 17% said they updated their insurance documents. Nearly half (45%) of the respondents were unsure what factors could be considered a withholding allowance on the W-4.

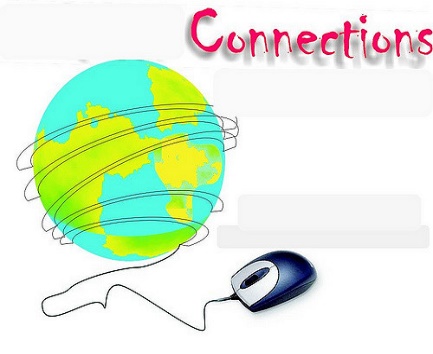
Respondents were confused about who to submit an updated W-4 to – 42% knew it should go to the employer, but some thought it went to the IRS (27%), their financial advisor (7%) or the Social Security Administration (6%). In addition, 47% did not know they can update their W-4 at any time.

Only 48% knew that increasing withholding would result in a larger refund, while 47% knew that decreasing withholding would result in larger paychecks.

Only 46% felt prepared to update their W-4, while 31% did not have anyone they trusted to help.

*(Jeff Stimpson, TaxPro Today, December 20, 2018)*





If you have a “go-to” website for taxes or accounting, how about sharing that site? Provide the site address, a brief description, and cost, if any. Send it to [spaulea@gsinet.net](mailto:spaulea@gsinet.net). Use “NH NATP site suggestions” in the subject line. Below are a few that Susan Paul, Director of NH NATP has found, but please note, this is not a NH NATP endorsement for the website, merely an informational item being shared:

<https://www.treasurydirect.gov> US Savings Bond information

<https://www.va.gov> Veterans Benefits

<https://www.legalexchangeshow.com> Elder Law issues

<http://www/netbasis.com> Stock basis $$

<https://www.taxfoundation.org> Tax laws, trends and articles

Along that same idea, sign up for informative emails from the IRS and the NH DRA.

<https://www.irs.gov/tax-professionals>

Click on NEWS at the top of the page. Then on the NEWSROOM page, look at the left side, and click on” E-NEWS SUBSCRIPTIONS. The next page will list several offerings.

<https://www.revenue.nh.gov>

In the middle of the page are “Announcements and Notices”. Also, left side, bottom icon “Subscribe E-News”. The next page will list several offerings.

**To one and all, the Officers and Directors of the NH Chapter of NATP wish you an easy and profitable tax season.**

**Your editor,**

**Norma Boyce, EA**

**Keep up to date on the happenings of our Chapter by visiting these websites and FaceBook frequently:**

[www.natptax.com](http://www.natptax.com) [www.nhnatp.com](http://www.nhnatp.com)



[This Photo](http://commons.wikimedia.org/wiki/file:facebook_shiny_icon.svg) by Unknown Author is licensed under [CC BY-SA](https://creativecommons.org/licenses/by-sa/3.0/)

*The End*