

Business Hours: Starting January 2, 2018, PPG Partners will be open 8:00 AM-5:00 PM Monday-Friday.

2017 Tax Season Up Ahead!

December 31, 2017, is just around the corner, and here at PPG Partners we are gearing up for the 2017 tax season. We look forward to continuing to be of service to you as we close out 2017 and complete your 2017 work and tax returns. As always, we appreciate your business and the ongoing relationships that have formed between you and our professionals.

We wish you a wonderful holiday season and a Happy New Year!

New IRS Regulations for 2018

While congress continues to debate many of the tax regulations and limits, we do have updates for 2018 regarding employer sponsored retirement plans. The limits, which are indexed for inflation, are as follows:

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| 401(k)/Roth Employee Deferral Limit | \$18,500.00 (up from \$18,000.00 in 2017) |
| 401(k)/Roth Catch-up Contribution Limit | \$6,000.00 (no change from 2017) |
| Annual Compensation Limit | \$275,000.00 (up from \$270,000.00 in 2017) |
| Total Contribution Limit | \$55,000.00 (up from \$54,000.00 in 2017) |

IRS also raised the social security taxable wage base for the second year in a row, from \$127,200.00 in 2017 to \$128,400.00 in 2018.

Reminder of FBAR Filing Requirements

PPG Partners would like to remind those with foreign assets that they may need to file a Report of Foreign Bank and Foreign Accounts (FBAR). An annual FBAR must be filed with the Department of the Treasury whenever a taxpayer has an interest in, or signature authority over, a foreign financial account(s) with an **aggregate value over \$10,000 at any time during the calendar year**. It makes no difference if the average amount in the account(s) during the year is less than \$10,000 or all the money is withdrawn by the end of the year. If the account(s) held more than \$10,000 any time during the year, the FBAR must be filed.

Moreover, the FBAR filing requirement is not limited to foreign accounts containing cash. You also need to file a FBAR if a foreign account has non-monetary assets of more than \$10,000. For example, the cash surrender value of a life insurance policy is such a non-monetary asset.

The penalties for failing to file FBARs are severe. There is a maximum \$10,000 penalty if your failure to file is found non-willful. However, if you are found guilty of willfully not filing a FBAR, the penalty may be the greater of \$100,000 or 50% of the balance in the account at the time of the violation.

The filing deadline for the FBAR is April 15th, with a six-month extension available upon request by the taxpayer. Please contact PPG Partners, LLC if you would like assistance filing your 2017 FBAR.

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Tax Tips for Deducting Gifts to Charity

The holiday season often prompts people to give money or property to charity. If you plan to give and want to claim a tax deduction, there are a few tips you should know before you give. For instance, you must itemize your deductions. Here are six more tips that you should keep in mind:

1. Give to qualified charities. You can only deduct gifts you give to a *qualified* charity. You can deduct gifts to churches, synagogues, temples, mosques and government agencies.

2. Keep a record of all cash gifts. Gifts of money include those made in cash or by check, electronic funds transfer, credit card and payroll deduction. You must have a bank record or a written statement from the charity to deduct any gift of money on your tax return. This is true regardless of the amount of the gift. The statement must show the name of the charity and the date and amount of the contribution. Bank records include canceled checks, or bank, credit union and credit card statements. If you give by payroll deductions, you should retain a pay stub or a Form W-2 wage statement. It must show the total amount withheld for charity, along with the pledge card showing the name of the charity.

3. Household goods must be in good condition. Household items include furniture, furnishings, electronics, appliances and linens. These items must be in at least good-used condition to claim on your taxes. A deduction claimed of over \$500 does not have to meet this standard if you include a qualified appraisal of the item with your tax return. Find a Donated Goods value guide at ppgpartners.net/forms.

4. Additional records required. You must get an acknowledgment from a charity for each deductible donation (either money or property) of \$250 or more. Additional rules apply to the statement for gifts of that amount. This statement is in addition to the records required for deducting cash gifts. However, one statement with all of the required information may meet both requirements.

5. Year-end gifts. Deduct contributions in the year you make them. If you charge your gift to a credit card before the end of the year it will count for 2017. This is true even if you don't pay the credit card bill until 2018. Also, a check will count for 2017 as long as you mail it in 2017.

6. Special rules. Special rules apply if you give a car, boat or airplane to charity. If you claim a deduction of more than \$500 for a noncash contribution, you will need to file another form with your tax return – Form 8283.

For more information contact your PPG Partners CPA or accountant.

Form 1099-MISC and Backup Withholding Requirements

If PPG Partners prepares your Forms 1099-MISC, your office manager is probably familiar with us needing completed W-9 forms from various vendors (payees) that you make payments to, such as attorneys, landlords, laboratories, or independent contractors. A completed Form W-9 includes the payee name, tax classification, address, Taxpayer Identification Number (TIN) or social security number, and signature.

While you certainly need the correct legal name and address of the payee, the TIN/social security number is the most significant part of the W-9 request and is what can trigger a "backup withholding" requirement. If you solicit the payee's TIN and the payee refuses or neglects to provide a TIN then you must, per the IRS, "begin backup withholding immediately on any reportable payments." If the TIN provided by the payee is incorrect or doesn't match the legal name on the 1099, then after the 1099 has been filed you will receive a notice from the IRS, which in case backup withholding may also then need to be initiated.

The Backup Withholding rate is 28%. You pay the amount withheld from payments to the IRS, and report these IRS payments on Form 945. Keep in mind that there are exceptions to these requirements, and some payees will return a W-9 indicating that they are exempt from 1099 reporting and backup withholding requirements.

If PPG Partners prepares your Forms 1099-MISC and does your solicitation of TINs, we will contact if you should begin backup withholding. The current filing deadline for 1099s is January 31, 2018.