



# Tax & Financial Guide

Business and Personal ACCOUNTING, TAX,  
SOFTWARE & FINANCIAL PLANNING SERVICES

## Charitable Donations?

Thinking of making charitable donations now or early in 2018? It's better to make the donation before the end of 2017. With possible tax code changes, these deductions may not be allowed in 2018.

If you itemize for 2017, making the donations now

will guarantee you save taxes for the contribution.

If you pay memberships to a charitable organization, that expense is usually tax deductible as donations. If you purchase raffle tickets, they are not tax deductible.

## Social Security Pin Numbers

If your social security number was used by someone else on their tax return, the IRS normally sends you a letter with a Pin number. Save that letter. The IRS will not issue you a second one.

They also will not give you the Pin number over the phone. You must file a paper return, which holds up your tax processing and refund.

Each year more taxpayers are victims of identity theft. Due to the Equifax breach, we expect more rejected tax returns.

State and federal agencies have setup identity verifications for taxpayers. Sometimes they work and your refunds are mailed in good time.

If you get a letter telling you to verify your identity, please call us so we can confirm it is legitimate.

## Document Business Mileage

If you use your vehicle(s) for business or for your rental properties, keep records of business miles. Document total miles you put on the vehicle(s) each year. Simply record your mileage on December 31.

Get in the habit of filling up the gas tank and recording the odometer reading. The first step is to do this for each vehicle you use. The second step is to keep a log of business travel including number of miles, dates and purpose of the auto usage. It is easier than you think once you get in the habit of documenting your mileage.

There are also computer applications that will keep records of your mileage. You simply log in and mark the business usage. If you need any information pertaining to this, give us a call.

## Pickup & Delivery

We are again offering our pickup and delivery service of your tax materials for \$20 each way. Call us if you need that assistance.

Fourth Quarter Tax Estimates are due January 16, 2018. If you want us to prepare them for you we need your income, deductions and withholding amounts in our office by January 9, 2018. If you itemize, it may be beneficial for you to pay your state estimate by December 31, 2017.

*Please call our office to discuss any of the items in this newsletter that may pertain to you.*



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## Home Deductions

If you own a home that is your personal residence, keep documents for items added to the home, or home repairs. Other than paint and wallpapering, record items paid for and keep the receipts.

Even though there is a large exclusion for selling your personal residence now, there is no guaranty that it will be around forever. If you change your personal residence to a rental property or you qualify for a business use of home deduction, the updated cost of your residence could benefit you.

There is talk of changing the untaxed amount of home sales as well as changing the number of years of residency needed. Save those records!!

*Murphy Financial Services, Inc.*

*web site is at [www.murphyEA.com](http://www.murphyEA.com)*

*If you misplace your newsletters, or your information sheets that I have given you (i.e. contributions, enrolled agents, etc.), you will be able to find them on the web site.*

*Please note that our e-mail address is: [sharon@murphyea.com](mailto:sharon@murphyea.com).*

#### PRIVACY POLICY

We do not disclose any non-public personal information about our clients or former clients to anyone, except as instructed to do so by such clients, or required by law. We restrict access to non-public personal information only to IRS or state authorities and we maintain physical, electronic, and procedural safeguards to guard your personal non-public information.

## Yearend Tax Planning Options

Make sure you take advantage of yearend tax planning options.

....If you have an HSA, IRA or 401K, maximize the contributions before yearend.

....If you have an IRA Required Minimum Distribution for 2017, make sure to take it out before year end. There is a very large penalty for failing to do so.

....If you were planning to

roll over traditional IRA funds to a Roth IRA, you might want to do it before year end. That is another option that may be eliminated. Call us with your questions.

....If you have a flex spending account with your employer, make sure to spend the money in it or you lose it.

....If you itemize and pay state tax estimates, it can help to pay the fourth quarter estimate by yearend. Call us to see if that option is advantageous to you.

## Freezing Credit to Protect Identity

Since the Equifax breach, people are very concerned about their identity being compromised. One option is to freeze your credit but you must contact all 3 credit bureaus.

Transunion will freeze your credit for \$10 and for another \$10 unfreeze it if you need someone to check your credit for a mortgage, credit card, or some other loan. Their contact number is 888-909-8872.

Transunion has a true identity which is a lock on your credit and won't cost you anything. Equifax will freeze your credit with no cost as long as you do it by 1/31/18. After that they will charge you. Their contact number is 888-298-0045.

Experian will also freeze your credit and their contact number is 888-397-3742.

## Important State Tax Changes

Wisconsin, to help catch some of the fraudulent tax returns, won't issue any refunds unless the employer has filed state copies of the W-2s. These will be matched to the information on your tax return.

One of the largest categories of fraudulent refunds are tax returns filed with bogus W-2s. Wisconsin will try to intercept these refunds.

The state of Wisconsin has changed Homestead Credit requirements for 2017. If you are under 62 years of age, you must have earned income to qualify. If you are 62 or older or disabled, you don't need to have earned income.

## New Tax Plan?

The US House and Senate are tussling over passing a tax plan. Until that happens we really don't know what the future holds. If changes actually occur, we'll let you know how to proceed.

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