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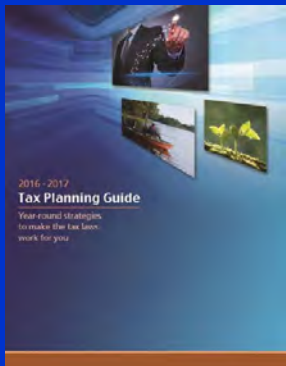
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## MARCH 2017

### Major tax deadlines for March

#### March 2

- Large employers and others must furnish Form 1095-B or Form 1095-C to employees.

#### March 15

- 2016 calendar-year S corporation Form 1120S income tax returns are due.
- 2016 calendar-year partnerships Form 1065 income tax returns are due.

#### March 31

- Forms 1095-B and 1095-C due to the IRS, *if filing electronically*. Employers who have 250 or more employees are required to file electronically.

### Reminder: Partnership tax returns due one month earlier

Remember, partnership tax returns are now due on March 15. This is a month earlier than last year. The change is important to note, as filing the tax return late could result in unexpected penalties. The new due date now aligns filing Form 1065 with other flow-through entities like S corporation Form 1120S. If you get caught by surprise with this earlier filing date, contact us immediately.

### 2016 proof of health insurance: the Form 1095 wrinkle

Under the current *Affordable Care Act* (ACA), all Americans must have health insurance. If you receive your health insurance through the ACA marketplace or from your employer, you will receive a Form 1095. This form is used as documentation that you have adequate insurance and is used for other ACA reporting and potential tax benefits.

### What's happening now

Prior to filing your tax return you should receive your Form 1095 and review it for accuracy. If you receive your health insurance through a state or federal marketplace you will receive Form 1095-A. Otherwise your version of the form will be either Form 1095-B or Form 1095-C. Unfortunately, some providers of the "B and C" versions of Form 1095 are still having trouble issuing the forms on time. Because of this, the IRS has issued a notice backing off on this "receive the form before you file" requirement. While you will still need to prove you have adequate health insurance, the suppliers of the Form 1095-B and Form 1095-C were given until as late as March 2 to get the form out to you.

### What to do



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- If you have health insurance through a state or federal marketplace, you will receive a Form 1095-A. You should have already received this form, and you must have it prior to filing your tax return.
- If you receive health insurance through your employer, or another program that generates Form 1095-B or 1095-C, for 2016 only, you can still file a tax return without receiving the form. Just make sure you can prove health insurance coverage for you, your spouse, and your dependents for the year.
- Place Form 1095 in your tax files. Even though some Forms 1095-B and Forms 1095-C will be received later, you must still retain the form in your files.
- If you file your tax return and then discover an error in your reporting based on a Form 1095-B or Form 1095-C received after February 1, there is penalty relief from the IRS if you need to amend your tax return.

Remember, this applies to the 2016 tax year only. For the 2017 tax year, unless changed, you will be required to use a Form 1095 as proof of health insurance prior to filing your tax return.

## Current tax law requires health insurance

During his first week in office, President Trump signed an executive order asking federal agencies to reduce the economic burden the *Patient Protection and Affordable Care Act* (ACA) puts on American citizens.

Unfortunately, this executive order is causing confusion. Many people are left wondering if fines will no longer be imposed or rules no longer need to be followed. Until the agencies impacted by this executive order publish their intent, act as though current laws are still in play. This includes:

- The requirement to have health insurance
- The requirement to pay a shared responsibility tax if you do not have continuous health insurance coverage
- The ability to receive a health insurance premium credit if you qualify
- Possible health insurance credits for qualifying small businesses

It's important to realize that unless tax laws actually change, you are expected to follow the laws as they are currently written.

## More credits require questions

Common errors have helped to make the Earned Income Tax Credit (EIC) a major source of what the IRS calls "improper payments." The agency estimates that of the \$66 billion in EIC funds paid in 2015, nearly a quarter were collected by filers who didn't qualify to receive them. To help combat this problem, the IRS now requires additional confirmation of information regarding the EIC and three new credits beginning in 2016.

Now if you claim the EIC, the Child Tax Credit (CTC), the Additional Child Tax Credit (ACTC), or the American Opportunity Tax Credit (AOTC), additional information may be requested of you.

For the CTC and ACTC, you may be asked how long your children lived with you over the past year, or whether they lived with an ex-spouse, relatives, or other guardian.

If you are eligible for the AOTC, which is a credit to defray as much as \$2,500 in higher education costs for you or your children, you will need to provide Form 1098-T from the college or university. You will also need receipts for related expenses.

You may also be asked to double-check your social security numbers and dates of birth for the dependents on your return, as these are two common sources of error.

If you get more questions than usual or are asked for additional documents, be aware that it's just a new reporting requirement required by the IRS.

*This newsletter provides business, financial, and tax information to clients and friends of our firm. This general information should not be acted upon without first determining its application to your specific situation. For further details on any article, please contact us.*

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