New Jersey Chapter NATP National Association of Tax Professionals

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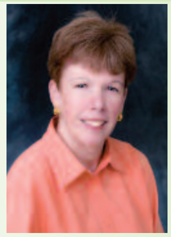
SPRING 2018

NJ Taxing TIMES

MESSAGE from the PRESIDENT



EACH JANUARY, we have the opportunity to let go of the past and refocus our efforts for the next year. As I sit in my office on this frigid January afternoon, I'm hoping that we all are getting ready for this upcoming tax season which will undoubtedly be like few others. The new tax law needs to be learned and understood so that we can explain it to our clients who have heard from *"Uncle Ernie"* that ***this*** is how it is going to affect his tax bill. An excellent place to get answers is from NATP's research team. They are up and ready to handle our questions and they give citations to back up their answers. There have also been numerous discussions on our *Facebook Page* which is open to all of our members.

The tax season will progress as usual with the late Brokerage Statements and the Reissued Brokerage Statements along with the added verifications for credits which we have all started to think of as normal. Who knows what other hurdles will be put in our path, but this is where NATP is so valuable. The other NATP members that we meet or just talk with on Facebook are a valuable source of knowledge and sometimes give us a laugh while hearing about what is happening in their offices. ***We are not in this alone.***

The New Jersey Chapter of NATP is establishing a *Practice Preservation Program* for any members who are interested. The problems faced by a number of practitioners throughout the country who have had a crisis during the past few years are easily documented. This program is meant to help those who become infirmed or worse during the tax season or any other time of the year, to continue their practice until health has returned or another solution is found. We are looking forward to the full implementation of this program in 2018.

Between May and November, our Chapter will hold 4 seminars here in NJ and if there are any particular topics that you would like to be covered, please contact any members of the Board of Directors who can pass on the idea to our Education Chair. ***We are always looking for ideas.***

Speaking of our Board of Directors, there are still some empty seats on the Board and we are looking for additional members. If you are interested in volunteering some of your time, this is a great place to do it. Along with helping our community of tax professionals, you will have the opportunity to network and really get to know the other Board members who have been known to have a little fun from time to time.

This coming summer will find a number of us traveling to **"Disneyland."** Oh no, I mean we will be going to the **National Conference in Anaheim**. What a great reason to pack up and spend 4 or 5 days in sunny California! The National Conference is a great week that once experienced keeps us coming back for more. The speakers are among the best in the field and have the most up to date information that is available. *Please take a moment to think about attending.* There will be lots more about this in the upcoming months.

As I begin my term as the President of this wonderful Chapter, I am very thankful for all of the help that I have received from the other directors so that we as a team can serve you our members. I am also thankful to you, the membership of this chapter who work so tirelessly to prepare the best tax filings and other tax services to all who ask for our help.

Continued success in 2018 and I hope that I will have the opportunity to talk with you at one of the events this year.

Mary Rose

Mary Rose Martino, EA, has been an NATP member for 8 years and is the owner of Martino Associates, LLC, a bookkeeping, payroll and tax preparation company. Located in Cherry Hill, NJ, she can be reached at: ***maryrose@martinoassociatesllc.com.***

SAVE THE DATES

MAY 17, 2018
Hotel ML in Mount Laurel – topics to be announced

JUNE 7, 2018
APA Hotel in Woodbridge – topics to be announced

AUGUST 6-9, 2018
National Conference in Anaheim, CA

SEPTEMBER 20-21, 2018
NATP Tax Forum at Harrah's in Atlantic City

OCTOBER 4, 2018
NJNATP Annual Conference at APA in Woodbridge

DECEMBER 6, 2018
To be announced

Flyers and registration will be posted on the NJNATP Website, on the NATP Facebook page and in the biweekly Chapter News from NATP.

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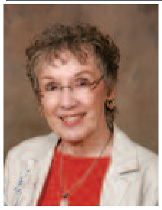
BY JEAN MILLERCHIP, EA



BY THE TIME YOU ARE READING THIS NEWSLETTER, WE WILL ALL BE RIGHT INTO THE MIDST OF ANOTHER TAX SEASON. With the newly signed Tax Reform Act, this should be a tax season filled with challenges, mostly from the point of view of educating our clients and preparing them for tax year 2018. Since we live in a high real estate tax state, the cap of $10,000 for the combination of real estate and income/sales taxes will hurt many of our clients. The changes in mortgage interest deductions bears watching, and we will have to remember to ask clients what the money is being used for, if it was taken out as a second mortgage or home equity loan.

Many of my clients, because of their type of work, use the miscellaneous deductions on Schedule A, and those are basically eliminated. There is an in depth article in this newsletter on that topic.

The NJ Chapter is planning seminars for both May and June, when tax season is still fresh in your mind; please watch for the flyers, as they will be posted on the NJ website, on our Facebook page and in NATP's Chapter News. For further education, the next NATP National Conference will be held in Anaheim, CA from August 6-9, 2018. If you have never been to a National Conference, you have no idea what you are missing! In my next column, I will explain more about it, and what is offered. I have been attending National Conference since 1995, when we went to Boston, and wouldn't miss it.

For the next newsletter, I will be looking for some tax season stories from you, so watch for my request on our NJNATP Facebook page.

But for now……. Work hard, pace yourselves, use NATP Research, use our website and Facebook page for discussion, take breaks, or, be like me, and just take a day or so here and then and spend it down the shore. You think you can't??? Sure you can.

Until next time……………

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*Jean Millerchip, EA has been in the tax business for 42 years and is in private practice in Nutley, NJ. She earned her EA license in 1985. Jean has been a member of NATP for 30 years, and served on the NJ Board of Directors from 1991 until 2009, in various positions, including Treasurer, Secretary, Vice President and President. In 2008, jean was elected to the National Board, and served a full 9 year term, during which she served as the National Vice President for 5 years and National President for 2 years. Jean can be reached at **jean.millerchip@gmail.com***

NJ Veteran's Exemption begins with Tax Year 2017!

You must provide **official documentation** showing that you were honorably discharged or released under honorable circumstances from active duty the first time you claim the exemption. The most common form of documentation provided is a copy of your Certificate of Release or Discharge from Active Duty, DD-214, **The United States National Archives and Records Administration** can assist with obtaining a copy of your DD-214. We can only accept documentation that lists your characteristic of service (discharge). You only need to submit a copy of your records the first time you claim the exemption.

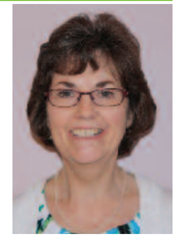
You do not need to provide this documentation each year!

For more details go to:
http://www.state.nj.us/treasury/taxation/military/vetexemption.shtml

TAX TIP OF THE QUARTER

BY MARILYN H. AYERS, CPA

SPRING, 2018



New Jersey had more than a few tax law changes for 2017, including the increased pension exclusion and the new veteran's deduction. Here are a few tips to remember:

- If your client is in the Property Tax Reimbursement program ("Senior Freeze"), the amount of property taxes deducted as paid on line 37A must not be more than the base amount.
- If your client received a Homestead Benefit credit on their property tax bill, do not reduce the amount of property taxes paid on line 37A by the credit.
- Reminder: You may have to file both a part-year resident and a part-year nonresident return if your client received income from New Jersey sources during the period they were a non-resident. See page 6 of the 2017 Form NJ-1040 instructions for more information.
- Don't forget that Philadelphia wages count towards the credit for taxes paid to other jurisdictions on Schedule A. To determine the proper amount of income to place on Line 1 of Schedule A, a NJ resident must divide the wage tax deducted (as reported in the "Local Income Tax" box on the W-2) by the Philadelphia non-resident tax rate to calculate the exact wages taxed if not shown. The amount reported at Line 1 cannot be more that the amount of Philadelphia wages included on line 14 of the 1040. See Publication GIT-3W for more information.
- Wages: Just a reminder when comparing wages in box 1 to box 16 of client W-2 forms that NJ wages only exclude contributions to 401(k) plans from wages. Health insurance deductions, FSA, etc. that are pre-taxed for federal purposes are added back to wages for NJ. In addition, wages earned outside of NJ may need to be adjusted to reflect New Jersey tax law.

I hope you have a great tax season and I look forward to seeing you at one of our seminars!

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Marilyn graduated from Rider University in June 1978 with a degree of Bachelor of Science in Accounting and earned her CPA license in 1990. Marilyn's practice, established in 1988, provides tax and accounting services to approximately 900 individual clients and businesses, where service is the number one priority. Marilyn has been a member of NATP since 2000 and served on the New Jersey Board of Directors from 2004 through 2016, including secretary, vice president and past president of the New Jersey Chapter. Marilyn is also a member of the AICPA and the New Jersey Society of CPAs.

Tax Reform Wipes Out 50 Percent Business Entertainment Deductions

BY W. MURRAY BRADFORD, CPA

LAWMAKERS DESTROYED A BIG CHUNK of usual and normal business entertainment on January 1, 2018. The good news is that some not-so-usual and not-so-normal entertainment survived the bloodletting. See Tax Reform: Entertainment Deductions That Survived for some of the survivors.

The bad news is that lawmakers massacred entertainment that was already handicapped by the 50 percent cut.

For example, during 2017, you could take a prospect or client to a business dinner followed by the theater or a ballgame and deduct 50 percent of all the monies spent, providing you passed some tax law tests on business discussion and associated entertainment.

Now, in what you thought was a business-friendly tax reform package, you find that lawmakers exterminated a big chunk of business entertainment as a business expense.

GOOD-BYE TRADITIONAL ENTERTAINMENT

The new law repeals—effective January 1, 2018—the tax code section that allowed a deduction for entertainment, amusement, or recreation that was directly related to, or associated with, the active conduct of your trade or business.

Because of tax reform, you can no longer deduct entertainment that has as its mission the generation of business income or other specific business benefits. The 2018 tax reform prohibition against deductible entertainment is true regardless of your business discussion, negotiation, business meeting, or other bona fide transaction.

Example: Sue is a real estate sales professional. She sold a home to Janet and Ken, who moved into their new home about a month ago. Sue takes Janet and Ken to dinner with the purpose of asking for referrals and also examining what she could have done better during the sales process.

Result: Because the business dinner occurs in 2018, Sue gets no deduction for her business dinner.

EXAMPLES OF WHAT ENTERTAINMENT DIED ON JANUARY 1, 2018

Here's a short list of what died on January 1, 2018, so you can get a good handle on what's no longer deductible:

- Business meals with clients or prospects
- Skiing
- Tickets to football, baseball, basketball, soccer, etc., games
- Disneyland

GOOD NEWS

Tax reform eliminated the need to timely document directly related and associated entertainment. Of course, it's not deductible, so you have no need to document anyway. But getting rid of any documentation requirement has to make you feel good.

TAKEAWAYS

If you used business entertainment as a business-building tool, your cost of doing business increased on January 1, 2018, because of the new tax reform package. As with most tax legislation, you have winners and losers. Someone has to pay to create the winners.

The elimination of business entertainment by what lawmakers acclaim as a business-friendly reform seems odd.

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Permission to publish this article was given by W. Murray Bradford, CPA. It was originally published in his January, 2018 Newsletter on ***Bradfordtaxinstitute.com.***

GET INVOLVED, WHAT'S INVOLVED?

BY ANTHONY J. MANZIANO, CPA, MST

THERE'S A HUGE LIST OF MEMBERS that help out the NJ Chapter in so many ways; many people beyond your Board of Directors. Much thanks go out to the many members involved; success would not be possible without their talents, experience and help.

You need to understand that getting involved is important and really rewarding for you, personally; and the more you understand about what's needed, the more you will realize that it is easy and very satisfying - it's really not a scary thing at all - to get more involved. You will add to your professional profile and build quality relationships while making a difference to the NJ community and tax profession when you get more involved.

Getting more involved with your Chapter does not necessarily need to be a big, ongoing time commitment. We have many important, yet quick and simple, one-time needs and tasks which we would like to encourage you to consider (besides having longer term needs for members interested in helping with goals of running live online and on-demand video seminars and launching our own NJ email surveys in the future).

We provide numerous education programs throughout the year and an important function at all of these is the sign-in and sign-out functions and the greeting and directing members. Volunteering can help make the registration process and the required CPE process as efficient as possible; whether it's a smaller seminar of 40 registrant or a large group of 200 like our recent Famous NJ State Tax Seminar.

You could even get involved by being a Time-Keeper or Photographer at one of our many seminars. Keeping to the agenda by keeping speakers on time is a task appreciated by all. Maybe you enjoy photography. We could always use more pictures for our website, newsletters, etc.

Speaking of our newsletter, *Taxing Times*, is produced quarterly. Writing a brief informative article is not only greatly appreciated, but it is also a good way to add to your professional profile.

We are always looking to increase vendor participation at our seminars. Vendors pay for their participation in order to promote the benefits of their products or services at our seminars. Our members and their clients benefit from these contacts and these products and services. Also important, vendors help keep the cost of providing these seminars down. Perhaps you know a vendor business that could be a good match?

Maybe you know of an especially interesting and knowledgeable speaker that you believe would be perfect to present at one of our future events.

We do not have the only answers. We like to surround ourselves with people who do have answers; and maybe have some questions that need to be asked, as well. Come see us, come tell us, come get involved. This is an especially new and exciting time for our Chapter. It is always new and exciting time for making progress. There are many ways you could participate and benefit by getting more deeply involved.

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Anthony J. Manziano CPA, MST has been a member of NATP since 1990. He has served on the NJ-NATP Board of Directors since 2010; he previously served on the Board of Trustees of the NJ Society of Certified Public Accountants as Vice-President and has served as Chair of Government Relations as well as their Political Action Committees. Professionally, Anthony provides Income and Estate Tax Planning & Consulting services to assist tax firms and colleagues as well as clients.

COMMUNITY BETTERMENT

BY GWENDELLYN RADLOFF, EA

AT OUR ANNUAL NATIONAL CONFERENCES the NATP members provide goodwill from our profession by donating to a charity in the local area of that conference. These charities, IRS sec 501(c)(3,) usually have missions of promoting children's education, empowering youth with disabilities, and providing assistance to those experiencing difficulties with diseases such as cancer.

The New Jersey Chapter of NATP has three annual charity projects with similar missions.

FIRST, each January at our *Famous New Jersey Seminar,* we focus on the **Boy Scouts of America** through the Monmouth Council in Morganville, New Jersey. The program we sponsor is the "NJ-NATP CAMPERSHIP." The funding of this project provides an exciting outdoor camp experience for a disabled/special needs youngster and one parent to attend a week in the summer at Narrowsburg, NY (in the Catskills). This program, with costs up to $400/week per person, also provides uniforms and educational materials necessary for the truly special week at camp.

Our liaison is *Mrs. Karen Bentivenga, CPA* (a member of our profession), who is also a volunteer scout leader with two of her children being Eagle Scouts. She is the assistant scoutmaster of Troup 86 for the Monmouth Council of the Boy Scouts of America, which holds the position of the oldest council in New Jersey. We had the pleasure of meeting her along with Eagle Scouts and Boy Scouts (Anshul, Jackson, John, Teddy, Kyle, and Naimiant) who provided the Color Guard for our January seminar and led our Pledge of Allegiance.

In the past we have sent funding for more than 16 children to participate in this program. Having just completed our seminar this January 13, 2018, we can aid in with making one more child's dream come true: An Exciting Summer Outdoor Experience.

Thank you for your continued support of this program.

PROUD UPDATE: Please note that on your **2018 NJ FORM 1040** there will be an opportunity to choose your refund to be allocated to the BOYS SCOUTS OF AMERICA. Make sure to look for this next year.

Our special thanks to **Marc S. Standig, EA,** a valued past member of the NJ NATP Board for many years and chairperson of the Community Betterment committee, who has spearheaded the legislation to get this placed on the NJ Form 1040. KUDOS!

SECOND, at each of our own NJ Annual Conferences held in the Fall, we focus on **The Valerie Fund in Maplewood, New Jersey.** This program has a mission to provide support for the comprehensive healthcare of children with cancer and blood disorders. There are said to be over 6,000 children treated at the 7 Valerie Fund Centers located in 5 New Jersey hospital systems, the Overlook Medical Center, and the New York Presbyterian-Morgan Stanley Children's Hospital at Columbia University Medical Center. The services include doctors, nurses, social workers, educational liaisons to mention a few, along with CAMP HAPPY TIMES, a week of summer camp for any child with cancer.

We will be collecting for this worthy cause at our Fall conference. We hope you will also be generous with this program.

THIRD, we have been collecting Box Tops for education and submitting them to **The Midland School in North Branch, New Jersey.** Our contact, Terry Zvolanek, has indicated that they are submitted twice a year: in February and in October. It has been noted that Campbell's and Post have ended their programs last year (2017). Collections of these Box Tops will be ongoing with submission to the school as quantity dictates. Please note that you can ask your clients to participate in the Box Tops program. You can bring them to our next board meeting and/or seminar, where I, Gwen Radloff, will be collecting them.

Many heartfelt thanks for all who have so continuously and diligently provided support to these activities over the past years.

Kindly continue to keep these programs alive with your generous support.

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Gwen Radloff, EA is self employed, with a practice in Rutherford, NJ. She specializes in small business tax work. Gwen has served on the NJ Board for many years.

Rental Property Tax Case 2018

BY MARILYN H. AYERS, CPA

SEVERAL YEARS AGO I read an article about a tax court ruling that applies to my practice and I wanted to share it with you. It is "Rental Properties Should Probably be Rented, Redisch V. Commissioner, TC Memo 2015-95". The case involves a luxury condo in Florida that was under contract for rent with an agent but was in fact never rented prior to the eventual sale of the property. I read this case with interest as I always have a client or two who purchases "rental" property in North Carolina, South Carolina or Florida and wants to take all the expenses as rental expenses when they list the property for rent but never receive any rental income. So let's look at the facts of this case and see how it applies to our own clients.

Originally, the property was purchased as a second residence for the Redisches in 2004. But after a personal tragedy in 2006, they no longer used the property personally and listed the property with a broker for rent in 2008. The property remained "available" for rent until it was sold in December 2010 after renting proved fruitless. For tax years 2009 and 2010, their tax preparer completed Schedule E for the property showing expenses but no rental income. In addition, the sale of the condo was shown as a long-term capital loss in 2010.

IRS audited both 2009 and 2010 and issued a deficiency for both years. The Redisches agreed with the IRS that the sale of the rental property should have been listed as an ordinary loss instead of a long-term capital loss. After this concession, the remaining issue was whether the property was converted to a property held for the production of income and as such that Schedule E deductions are allowable.

As always, the burden of proof is on the taxpayer to submit evidence that a conversion to a profit-motivated activity occurred. The Tax Court looked to five factors in determining the taxpayer's intent:

(1) The length of time the house was occupied by the individual as his residence before placing it on the market for sale.
(2) Whether the individual permanently abandoned all further personal use of the house
(3) The character of the property (recreational or otherwise)
(4) Offers to rent
(5) Offers to sell

The Tax Court decided that the property was not converted to a rental property. The Redisches used the property for four years before abandoning personal use of it in April 2008. Although they had a signed one-year agreement with a realty company to rent the property, no other evidence was provided and the efforts by the realty company were minimal at best. No other evidence was provided that supported their efforts to rent out the property. The Tax Court found in favor of the IRS and imposed a 20% accuracy related penalty for the underpayment of tax.

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Marilyn graduated from Rider University in June 1978 with a degree of Bachelor of Science in Accounting and earned her CPA license in 1990. Marilyn's practice, established in 1988, provides tax and accounting services to approximately 900 individual clients and businesses, where service is the number one priority. Marilyn has been a member of NATP since 2000 and served on the New Jersey Board of Directors from 2004 through 2016, including secretary, vice president and past president of the New Jersey Chapter. Marilyn is also a member of the AICPA and the New Jersey Society of CPAs.

DEDUCTING PROPERTY TAXES

BY ROBERT D. FLACH

WITH ALL THE TALK about the limitation of the deduction for real estate taxes on the federal Schedule A due to the "Tax Cuts and Jobs Act" – coincidentally the same $10,000 as the limit on the NJ-1040 deduction – I thought I would take a look at the differences between the federal deduction for real estate taxes and the property tax deduction allowed on the NJ-1040.

FIRST – the amount that is allowed to be claimed as a deduction.

As cash-basis taxpayers (in the 46 tax seasons I have been preparing 1040s I have never come across a taxpayer who elected to file a 1040 on the accrual basis), a NJ homeowner can deduct on Schedule A the net amount of real estate taxes actually paid during the calendar year, either directly to the municipality or paid to the municipality via mortgage escrow. This is the "out of pocket" amount paid – after any credit for the NJ Homestead Benefit or the $250 municipal deduction for veterans and seniors. If a homeowner receives a check for the Homestead Benefit it is included as taxable income on Page 1 of the federal 1040 in the year received.

And, as the recent discussion of prepaying 2018 property taxes highlighted, only the amount actually paid during the calendar year can be deducted. In the case of a person receiving reimbursement under New Jersey's "Senior Freeze" program the federal deduction is the base year amount less any Homestead Benefit and veteran or senior deduction.

The NJ Property Tax Deduction is based on the actual tax assessed, and is not reduced by the Homestead Benefit or the municipal veteran or senior deduction. If the taxes assessed on the property by the municipality for the calendar year is $9,000, but you only paid $8,250 due to the Homestead Benefit credit and the senior deduction, you can only deduct $8,250 on the federal Schedule A, but you can deduct the full $9,000 on the NJ-1040.

If you are receiving a property tax reimbursement under the "Senior Freeze" program the amount you can deduct on the NJ-1040 is limited to your "base year" tax amount from the PTR-1 or PTR-2 application, regardless of the amount assessed and, again, without deducting the Homestead Benefit credit and veteran or senior reduction. Your current tax assessment is $9,000. But you qualify for the property tax reimbursement and the "base year" tax amount reported on your annual PTR-2 application is $8,000. You will claim $8,000 as a deduction on the NJ-1040.

And, as verified by the NJ Division of Taxation at last month's "Famous State Tax Seminar", for NJ-1040 purposes you can only deduct in any year what is considered the calendar year's tax assessment – taxes due on February 1, May 1, August 1, and November 1. They do not care in what year these assessments are paid.

The 2017 NJ-1040 instruction booklet clearly states that you can deduct "the amount of Property Taxes due and paid to your municipality on your principal residence for 2017". It does not say you can deduct the taxes paid in 2017. You can only deduct 2017 property taxes on the 2017 NJ-1040, and you can only deduct tax payments due in 2018 on the 2018 NJ-1040, regardless of when you actually made the payment. So, prepaying 2018 taxes in 2017 does not increase your 2017 NJ-1040 deduction, and it does not reduce your 2018 NJ-1040 deduction.

And, of course, while the federal return allows a deduction for property taxes paid on a second personal residence, a vacation home for example, you can only deduct the taxes assessed on your primary principal residence on the NJ-1040.

AND NOW – ***who can claim the deduction.***

Generally, on the federal return, real estate taxes can only be deducted if you have an ownership interest in the home, you are legally obligated to pay the taxes, and you actually pay the taxes.

When multiple people buy a home together each owner can deduct the amount of real estate taxes he or she pays. If you own 25% of a home and pay 25% of the taxes you can deduct 25% of the taxes. If you pay 50% of the taxes you can deduct 50% of the taxes. If the taxes are paid via mortgage escrow the amount you can deduct is based on the percentage of the monthly mortgage payment you are making.

If you are a legal owner of a home and pay the entire amount of real estate taxes, or the entire mortgage payment each month, you can deduct the total amount of taxes paid on the home for the year. If you own a home with a partner who is not your spouse (50% owner), but pay the entire mortgage payment (100%), you can deduct 100% of the mortgage interest on your individual Schedule A.

New Jersey doesn't care whose pocket the property taxes come out of. The NJ-1040 deduction is available only to the owners on the title of the property in the same proportion as their percentage of ownership. If there are two unmarried owners each is entitled to deduct 50% of the property's taxes. New Jersey considers a married couple to be one person.

Here are two examples from my own practice.

The title lists as the owners of a home three people - John and Jane Q Taxpayer, a married couple, and their son John Jr. The father and mother use 100% of the home, which is recorded with the municipality as a one-family home, as their primary personal residence; the son lives with his wife in another home that they own jointly. The father and mother pay 100% of the monthly mortgage payment, with the property taxes paid out or mortgage escrow, and deduct 100% of the property taxes on Schedule A of their joint federal Form 1040. Although there are 3 people who own the property, because husband and wife are considered 1 person, the state treats the home as having 2 owners, and the father and mother can deduct only 50% of the taxes on their joint NJ-1040. It doesn't matter that they pay 100% of the property taxes. The son cannot deduct any of the taxes paid on this home, but does claim a deduction for the taxes paid on his home on his joint NJ-1040.

Two unmarried individuals, who are not in a "civil union", live together in a home that they jointly own. Both names are on the title and on the mortgage. One of the owners, the one with the greater individual income, pays 100% of the monthly mortgage payment, part of which is a payment to an escrow account out of which the real estate taxes are paid. That person claims a federal tax deduction for 100% of the property taxes. On the NJ-1040 that owner can deduct only 50% of the taxes assessed. The other owner, who does not pay one penny of the real estate taxes, can deduct 50% of the taxes assessed on his or her NJ-1040. In both of these instances the New Jersey treatment of the property tax deduction is most certainly not "fair." But who ever said taxes had to be fair?

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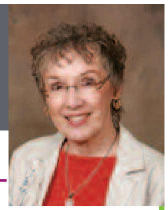
Northeast PA resident Robert D. Flach has been preparing 1040s since 1972, and has been a member of NATP since 1987 (and a founding member of the NJ chapter). He has been writing the popular tax blog THE WANDERING TAX PRO ***(http://wanderingtaxpro.blogspot.com)*** *since the summer of 2001, inspired by an NATP National Conference seminar, and also writes the blog* ***THE TAX PROFESSIONAL (http://thetaxprofessional.blogspot.com).*** *He has created and writes the websites* ***FIND A TAX PROFESSIONAL (http://www.findataxprofessional.com)*** *and* ***A TAX PROFESSIONAL FOR TAX REFORM (http://www.taxprosfortaxreform.com).***

TAX EXTENDERS RENEWED!!!



BY JEAN MILLERCHIP, EA

ON FEBRUARY 9, 2018, while voting to reopen the government, the bill that was passed renewed approximately 30 tax provisions- the majority of which had expired at the end of 2016.

HERE ARE SOME THAT WILL AFFECT MANY INDIVIDUALS:

- Mortgage interest premiums will be treated as mortgage interest the purpose of the mortgage interest deduction
- Above the line deduction for up to $4,000 of qualified tuition and related expenses
- Exclusion of discharged mortgage debt from gross income
- 3 year depreciation for race horses 2 years old or younger
- Some credits in the energy sector

Please check the NATP website **(natptax.com)** for further explanations. Obviously, some of the tax forms will now have to be changed — so, I guess we will all be in for an "extended" tax season!

PTIN Reminder!

LAST MONTH, THE IRS SENT OUT LETTERS TO ALL TAX PROFESSIONALS who had not yet renewed their PTIN's for the upcoming season. It was also to remind those who have not renewed that they cannot prepare tax returns for compensation unless the renew their PTIN.

The PTIN can be renewed online at **www.irs.gov/ptin**, or can be renewed on paper, but that process take at least 4-6 weeks.

The IRS does monitor expired PTIN's and, if a tax professional continues to prepare and file returns, they may be subject to penalties or other actions imposed by the Internal Revenue Service. If you are not preparing tax returns for compensation for the 2018 calendar year and are not an EA, you can place your PTIN in voluntary inactive status.

The inactive function is available under the "Manage My PTIN Account" section within your online PTIN account. This function allows individuals who take a full calendar off from return preparation to more easily reactivate and renew their PTIN in a later year. However, if you are paid to prepare returns during any part of a year, you must have a valid PTIN. Also, an EA must maintain a valid PTIN each year in order to maintain the EA credential and, therefore, is not eligible to inactivate their PTIN.

important REMINDERS

Our Chapter has its own website where you can find information on the New Jersey Chapter such as Chapter Announcements, upcoming seminars and helpful resources such as prior newsletters, state links and much more.

Our Chapter also has its own closed Facebook group where members can throw out questions and share information on events and other information that is helpful in our tax preparation field. Join now if you haven't done so already. You can find us as NJ NATP on Facebook.

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