

Steven L. Jager, C.P.A.

An Accountancy Corporation • Admitted to Practice in the United States Tax Court

14140 Ventura Boulevard, Suite 207, Sherman Oaks, California 91423 • (818)501-5797 • FAX (818)501-8560
www.cre8ivcpa.com

December, 2018

Dear Clients and Friends,

How quickly the year has gone by! On a personal note, losing my mother in August was exceedingly difficult and my grieving still continues, but I feel so very blessed to have such terrific love and support from so very many wonderful family, friends and clients. Thank you all so very much for your outpouring of kindness.

Onto the more mundane, but necessary topic of taxation, which is the subject of this letter. The new “Tax Cuts and Jobs Act” [“TCJA”] has been quite challenging to learn and digest, despite promises from Congress as to “simplification;” The TCJA contains the most sweeping tax changes in 30 years, and there is still so very much uncertainty! While tax returns of people with only wage income might be simpler, for the vast majority of my clients, the tax returns will be layered with greater complexity. Accordingly, for those tax returns with business income – particularly when business income flows from a Schedule C or from a related S-corporation, partnership, LLC or Fiduciary/Trust tax return K-1 – more analysis (and more time) will be necessary. The real frustration, however, is that there is still *insufficient guidance* issued and so, even despite much diligence, many tax results will be our “best guess” as to what the “right answer” is. It will likely be several years before we will have any Judicial cases which answer these uncertainties. In the meantime, we are left with what we have, such as it is, and we will do our very best to produce the most favorable results we can, with the caveat that NO ONE yet knows the answers to so many issues which will come up.

A Word About Due Dates

Last year, changes took effect to DUE DATES of many tax returns, most notably to partnerships/LLC’s and corporations:

- ▶ Partnerships/LLC’s are due on or before March 15th, but can be extended through September 15th.
- ▶ Calendar Year C-corporations are due by April 15th, but can be extended through October 15th.

Moreover, while the due date for Trust Tax returns continues to be April 15th, when those tax returns are extended, they are due on or before September 30th (no longer by October 15th).

Therefore, our office workflow treats the partnership, LLC and S-corporation tax returns with first priority if they are to be filed by March 15th (see next paragraph about S-corporations) but in those circumstances where we must put these tax returns onto extension, it is also highly probable, if not invariable, that the individual partner or LLC member personal tax returns will also need to be extended.

And while S-corporation tax returns’ original due date remains at March 15th, should the corporation tax return need to be extended (through September 15th), then, as described above, it is

highly likely, if not invariable, that the personal tax returns of the shareholders will also need to be extended.

Please do not delay in putting your tax return data and documents together, as preparing a quality tax return takes time, and we ask for your cooperation by seeing to it that we get your tax return information at least 30 days before the due-date of the tax return.

Accordingly, we must ask that you have your personal income tax information to us as early as possible, and no later than March 15th. **If you must have your tax return filed without an extension, please note that I cannot promise a timely filing if I do not have your tax return information by March 15th. And, if it does become necessary to extend your tax return, I will need your tax return information no later than September 15th for an on-time filing.** These policies are fully recited in the Client Representation Letter for 2018 income tax returns, which continues to form the basis of our professional relationship, which I ask each of you to please read, sign and return to our office at your soonest convenience.

Professional Fees are Going Up

As for professional fees, while the rates for my staff are not increasing, my own hourly rates are increasing slightly (I have not increased my hourly rate for most tax work in several years), but overall, because more time will be needed for most tax returns, I predict that most clients will find that the tax return is more expensive. Also, because of the increased risk to CPA's in Tax practice, it has become necessary for me to raise the **minimum fees** for all types of tax returns. Please take a few moments to review the updated Memorandum that describes my billing policies, practices and procedures.

Attached Documents & Website

Transmitted along with this letter is your customized Organizer for 2018 (if my office prepared your tax return for 2017). For brand new clients, there is a generic organizer, which will "morph" into a custom organizer after the first tax return that we prepare. Also included in this package are "snippets" of the new law, including a page devoted to "Year-End Tax Saving Tips," along with a "2018 Year-End Tax Letter" and a "2018 Small Business Year-End Tax Letter."

Please take a few moments to read and then sign, date and return to my office as soon as possible the "Client Representations & Engagement Letter," which is required for each and every personal tax return. As mentioned above, the Memorandum on my billing policies, practices and procedures is also attached. There are also many other documents available for your reference, posted to my website at www.cre8ivcpa.com. I encourage you to visit the website often for new content, and as always, I encourage and invite you to ask questions.

On behalf of myself, Adrianna, Marianne and Suzy, we wish you the very best for the Holiday Season and for a joyous, happy and prosperous new year!

Steven L. Jager, CPA, MST, USTCP