

# 林麗淑會計師聯合專業公司

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## 2016 YEAR-END TAX PLANNING TIPS FOR INDIVIDUALS

As the year draws to a close, now's an excellent time to review your current tax planning strategies to ensure they're still meeting your needs and to develop plans for 2017. It's also a good time to take advantage of last-minute planning opportunities that could save you money now and in the coming year.

With all that in mind, please contact us at your earliest convenience to discuss your tax outlook so that we can develop a customized plan that will address your specific financial concerns. In the meantime, here's a look at some of the issues we're recommending that clients consider as they begin their end-of-year review:

### Tax Identity Theft Is a Significant Threat

Our firm takes security very seriously, so we want to begin our letter this year with a reminder that tax identity theft is a growing problem. Unfortunately, it can take many forms, so beware if you:

- Receive a notice or letter from the Internal Revenue Service (IRS) regarding a tax return, tax bill or income that does not apply to you. It's possible that someone has filed a false return using your Social Security number (SSN) to claim a refund or get a job. Between February 2011 and December 2015, the IRS identified almost 1.1 million taxpayers who were victims of employment-related identity theft.
- Get an unsolicited email or other contact asking for your bank account number or other financial details or personal information — such as your SSN. The IRS does not contact taxpayers using email, text or other social media channels, so it's likely that a scammer is trying to steal your confidential information.
- Receive a robocall insisting that you must call back and settle your tax bill. **Your first contact with the IRS will be through official correspondence by mail**; they will not call you out of the blue. Also, the IRS does not demand immediate payment over the phone, threaten to arrest you or demand your credit or debit card number or that you use a certain payment method — such as a gift card — to pay your taxes. If you receive any suspicious communications from the IRS, you can report the contact by filling out an IRS Impersonation Scam Reporting form or call 800.366.4484. We also urge you to contact our office for advice whenever you receive communication from the IRS or believe you might have been the victim of identity theft.

## Watch Out for These Expiring Deductions

A few deductions will expire at the end of this year, so it's important to act now to take advantage of them in the remaining months of 2016 and to adjust your plans for 2017 if you're depending on using them.

- Did you pay college costs during the year? A deduction for tuition and expenses paid for yourself, your spouse or a dependent can be used on your 2016 return, but it won't apply in 2017. We can offer advice on other options, including a valuable education credit, the American Opportunity Tax Credit, which is permanent.
- Planning a home purchase soon? Private mortgage insurance (PMI), the amount you typically pay when your down payment is below 20%, will only be deductible through the end of 2016.
- If you were involved in a foreclosure, short sale or loan modification, you can exclude up to \$2 million in forgiven debt from your taxable income, but only through this year.

## The AMT Remains a Concern, but Planning Can Help

The alternative minimum tax (AMT) applies to many taxpayers, requiring them to add back some of the deductions they've taken. You are allowed an exemption that somewhat reduces the AMT's effects. That exemption rose in 2016, to \$53,900 for single taxpayers and to \$83,800 for married couples filing jointly. Talk to us about other ways to minimize your exposure to the AMT using techniques such as income acceleration or delay.

## What Will a New Administration Mean to You?

Are you wondering if a new president — and a wave of newly elected senators and representatives — could have an impact on tax, business and financial regulation and on your tax return or overall financial planning? Given the longstanding gridlock in Washington, it seems reasonable that we might not see significant change, at least over the near term. However, you can be sure we will alert to any new developments that may have an impact.

## The Affordable Care Act and Your Taxes

- As you're probably aware, the Affordable Care Act requires individuals to have minimum essential health insurance coverage. In 2016, the penalty for not having that coverage rose to the higher of \$695 per uninsured adult (\$347.50 per uninsured child under 18), or 2.5% of household income during the filing period, with some penalty caps available. We expect those penalties to rise based on cost-of-living adjustments.
- Do you purchase health care coverage through the Health Insurance Marketplace? If you chose to receive the advance premium tax credit and **your income has risen**, you may no

longer be eligible for some or all of that credit. If you think you may be affected, contact us about ways to avoid possible related penalties.

### **Be Sure Your Retirement Planning Is Up to Date**

We recommend that you review your retirement situation at least annually and make revisions and adjustments as needed. That includes making the most of tax-advantaged retirement saving options. For example, if you're eligible, there's still time to contribute up to \$5,500 in total (\$6,500 if you're 50 or over) to a traditional or Roth IRA; you may be able to even deduct your contribution to a traditional IRA. If you're heading closer to retirement, we can help you determine whether you're on target to reach your savings goals.

Whether it's working toward retirement or getting answers to your tax and financial questions, we are here for you. Please call our office today (630-416-9422) to set up your year-end tax-season review. As always, planning ahead can help you minimize your tax bill and position you for greater success.

感謝多年的信任與支持！  
敬祝新年快樂；萬事如意！



**Thanks for your trust and support.**  
**Happy New Year!!**

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## Reference Rates and Figures

Source: IRS

<b>2016</b>	<b>2017</b>	<b>2016/2017</b>
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Single Taxpayers				
Taxable Income	Tax Liability	Taxable Income	Tax Liability	Capital Gain Rate
0 – 9,275	10% of taxable income	0 – 9,325	10% of taxable income	0%
9,275 – 37,650	927.50 + 15% of the amount over 9,275	9,375 – 37,950	932.50 + 15% of the amount over 9,325	0%
37,650 – 91,150	5,183.75 + 25% of the amount over 37,650	37,950 – 91,900	5,226.25 + 25% of the amount over 37,950	15%
91,150 – 190,150	18,558.75 + 28% of the amount over 91,150	91,900 – 191,650	18,713.75 + 28% of the amount over 91,900	15%
190,150 – 413,350	46,278.75 + 33% of the amount over 190,150	191,650 – 416,700	46,643.75 + 33% of the amount over 191,650	15%
413,350 – 415,050	119,934.75 + 35% of the amount over 413,350	416,710-418,400	120,910.25 + 35% of the amount over 416,700	15%
415,050+	120,529.75 + 39.6% of the amount over 415,050	418,400	121,505.25 + 39.6% of the amount over 418,400	20%

Head of Household				
Taxable Income	Tax Liability	Taxable Income	Tax Liability	Capital Gain Rate
0 – 13,250	10% of taxable income	0 – 13,350	10% of taxable income	0%
13,250 – 50,400	1,325.00 + 15% of the amount over 13,250	13,350 – 50,800	1,335.00 + 15% of the amount over 13,350	0%
50,400 – 130,150	6,897.50 + 25% of the amount over 50,400	50,800 – 131,200	6,952.50 + 25% of the amount over 50,800	15%
130,150 – 210,800	26,835.00 + 28% of the amount over 130,150	131,200 – 212,500	27,052.50 + 28% of the amount over 131,200	15%
210,800 – 413,350	49,417.00 + 33% of the amount over 210,800	212,500 – 416,700	49,816.50 + 33% of the amount over 212,500	15%
413,350 – 441,000	116,258.50 + 35% of the amount over 413,350	416,700 – 444,500	117,202.50 + 35% of the amount over 416,700	15%
441,000+	125,936.00 + 39.6% of the amount over 441,000	444,500+	126,950.00 + 39.6% of the amount over 444,500	20%

Married Filing Jointly (and Qualifying Widow[er]s)				
Taxable Income	Tax Liability	Taxable Income	Tax Liability	Capital Gain Rate
0 – 18,550	10% of taxable income	0 – 18,650	10% of taxable income	0%
18,550 – 75,300	1,855.00 + 15% of the amount over 18,550	18,650 – 75,900	1,865.00 + 15% of the amount over 18,650	0%
75,300 – 151,900	10,367.50 + 25% of the amount over 75,300	75,900 – 153,100	10,452.50 + 25% of the amount over 75,900	15%
151,900 – 231,450	29,517.50 + 28% of the amount over 151,900	153,100 – 233,350	29,752.50 + 28% of the amount over 153,100	15%
231,450 – 413,350	51,791.50 + 33% of the amount over 231,450	233,350 – 416,700	52,222.50 + 33% of the amount over 233,350	15%
413,350 – 466,950	111,818.50 + 35% of the amount over 413,350	416,700 – 470,700	112,728.00 + 35% of the amount over 416,700	15%
466,950+	130,578.50 + 39.6% of the amount over 466,950	470,700+	131,628.00 + 39.6% of the amount over 470,700	20%

Married Filing Separately				
Taxable Income	Tax Liability	Taxable Income	Tax Liability	Capital Gain Rate
0 – 9,275	10% of taxable income	0 – 9,325	10% of taxable income	0%
9,275 – 37,650	927.50 + 15% of the amount over 9,275	9,325 – 37,950	932.50 + 15% of the amount over 9,325	0%
37,650 – 75,950	5,183.75 + 25% of the amount over 37,650	37,950 – 76,550	5,226.25 + 25% of the amount over 37,950	15%
75,950 – 115,725	14,758.75 + 28% of the amount over 75,950	76,550-116,675	14,876.25 + 28% of the amount over 76,550	15%
115,725 – 206,675	25,895.75 + 33% of the amount over 115,725	116,675-208,350	26,111.25 + 33% of the amount over 116,675	15%
206,675 – 233,475	55,909.25 + 35% of the amount over 206,675	208,350-235,350	56,364.00 + 35% of the amount over 208,350	15%
233,475+	65,289.25 + 39.6% of the amount over 233,475	235,350	65,814.00 + 39.6% of the amount over 235,350	20%

Unearned income are subject to 3.8% Net Investment Income Tax if modified adjusted gross income over the thresholds below:  
Wages/self-employed income are subject to 0.9% Additional Medicare Tax if wage/self-employed income over the thresholds below:

Single \$200,000, Head of Household \$200,000, Married filing jointly \$250,000, Married filing separately \$125,000.

<b>2016</b>	<b>2017</b>
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<b>Standard Deduction</b>			
Single / MFS	6,300	Single / MFS	6,350
Head of Household (HH)	9,300	Head of Household (HH)	9,350
Married Filing Jointly	12,600	Married Filing Jointly	12,700
Blind/Aged Add'l - Single, HH	1,550	Blind/Aged Add'l - Single, HH	1,550
Blind/Aged Add'l - Married	1,250	Blind/Aged Add'l - Married	1,250

<b>Alternative Minimum Tax (AMT) Exemption</b>			
Single / HH	53,900	Single / HH	54,300
Married Filing Jointly	83,800	Married Filing Jointly	84,500
Married Filing Separately	41,900	Married Filing Separately	42,250

<b>Personal Exemption (Before Limitation)</b>	
4,050	4,050
Phase-out begins: Single \$259,400, HH \$285,350, MFJ \$311,300, MFS \$155,650	Phase-out begins: Single \$261,500, HH \$287,650, MFJ \$313,800, MFS \$156,900

<b>Rates for Mileage Reimbursement</b>	
.54 Business; .14 Charitable; .19 Medical or Moving	.535 Business; .14 Charitable; .17 Medical or Moving

<b>1 Social Security/Medicare Point</b>	
1,260	1,300

<b>Maximum Taxable Social Security Wage Base</b>	
118,500	127,200

<b>Estate and Gift Tax Exemptions</b>			
Annual Exemption	14,000	Annual Exemption	14,000
Lifetime Exclusion	5.45 million	Lifetime Exclusion	5.49 million
Top Transfer Tax Rate	40%		

<b>2016 Corporate Tax Rates</b>	
Taxable Income	Tax Liability
\$0 - \$50,000	15% of taxable income
\$50,001 - \$75,000	\$7,500 + 25% of the amount over \$50,000
\$75,001 - \$100,000	\$13,750 + 34% of the amount over \$75,000
\$100,001 - \$335,000	\$22,250 + 39% of the amount over \$100,000
\$335,001 - \$10,000,000	\$113,900 + 34% of the amount over \$335,000
\$10,000,001 - \$15,000,000	\$3,400,000 + 35% of the amount over \$10,000,000
\$15,000,001 - \$18,333,333	\$5,150,000 + 38% of the amount over \$15,000,000
\$18,333,334 or more	\$6,416,667 + 35% of the amount over \$18,333,333