



2017 TAX SEASON UPDATE

Louis A. Soriano CFP®

**New e-Filing
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New York State
Income Tax Returns**

**Tax Refund Delays
for Earned Income
and Additional Child
Credit Filers**

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more...**

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Tax Season Update

It's hard to believe that it's that time of year again... Tax season is always a stressful time of year as individuals and business owners scramble to file their tax returns accurately and on time. The 2017 tax season will begin on **January 23rd** and it will bring some notable changes and challenges that may affect your 2016 tax year filings.

Fortunately, if you're aware of what to anticipate, you will be prepared to have your tax season go smoothly, and hopefully this update will help in that regard.

I'd like to take this opportunity to thank you for your past business, and I want you to know that I'm looking forward to the privilege of working with you again this year. I'd like to also thank you for your referrals, which are ALWAYS appreciated!

Checklist – As always, I'm including separate "CHECKLIST" attachments to this email. I am including a Basic and a Comprehensive version of the checklist to help you gather the tax documents you should have in order to have your tax returns prepared.

New Web Site - We're excited to announce the launch of our brand new website! www.navigatorfinancialinc.com The web site was created to improve the level of service we offer, make it easier to stay in touch, and provide you with valuable financial information year round. Please bookmark our new site!

New Staff Member - I am pleased to announce that **Mary Ellen Conroy** will be our new Administrative Assistant this year. She is very knowledgeable and dependable, and we are excited to have her on-board this tax season... Welcome Mary Ellen!

New York Driver's License/ State-Issued ID Requirement - Beginning with the 2017 filing season (tax year 2016), New York State requires NYS-issued driver's license information or NYS-issued identification information and the document number from that ID to be included on the tax return. (Joint tax returns require this information for both taxpayer and spouse.)

(See related link: <https://www.tax.ny.gov/tp/driverlicense.htm>)

*** New York State individual returns without the appropriate identification information are not eligible for e-file and will not be accepted for e-file. ***

Tax refund delays are expected due to a new law - For many taxpayers, a tax refund is often the biggest single amount of money they receive at one time each year. However, a new federal law will delay tax refunds for thousands of middle- and low-income taxpayers who file early in 2017. The delay stems from the **Protecting Americans from Tax Hikes Act of 2015**.

Section 201 of this Act states that *"no credit or refund for an overpayment for a taxable year shall be made to a taxpayer before **February 15** if the taxpayer claimed the Earned Income Tax Credit or Additional Child Tax Credit on the return."* This law takes effect January 1, 2017.

The main reason for the delay is that the IRS is attempting to reduce tax fraud and identity theft. The agency has decided to focus its efforts on giving a second look to returns claiming these two particular tax credits. Along with the refund delay, taxpayers should also be prepared to submit more documentation than usual to prove the validity of these tax breaks.

Tax Deductions and Exemptions - The standard deduction for Single taxpayers is now \$6,300. For Married taxpayers, this amount doubles to \$12,600, and Head of Household deductions rises to \$9,300. The personal exemption amount has also increased to \$4,050 for the 2016 tax year.

Retirement Plan Limits - The limit on employee contributions to a **401(k) plan** will remain unchanged at **\$18,000** this year. The "catch-up" allowance for those over 50 is also remaining the same (**\$6,000**) this year, bringing the maximum contribution for those 50 and over to **\$24,000**. (These contribution levels apply to 403b accounts and most 457 retirement plans as well).

Roth & Traditional IRA contribution limits are \$5,500 this year, and for those 50 and over the limit is increased to \$6,500. **SIMPLE IRA** contribution limits are \$12,500 this year, and for those 50 and over the limit is increased to \$15,000.

There's a new filing deadline for Corporations - Also beginning with the 2017 tax season, tax returns for C corporations will have a new filing due date of **April 15**. The previous deadline for C corporation returns—**Form 1120**—to be submitted was March 15, so this change will give C corp. owners an extra month to file their business returns.

There's a new filing deadline for business Partnerships - As a result of legislation enacted in 2015, some businesses will have new filing due dates this spring. Beginning with the 2017 tax season, business partnership tax returns—**Form 1065**—will have a new filing deadline of **March 15**. (The previous deadline was April 15)

1040 Analyst® - This year as an added service for my tax clients, I can offer you a complimentary 1040 Analyst® report, which can help us identify investment planning opportunities from the information provided in your tax return. Based upon the information in this report, we can develop a strategy to potentially overcome specific financial disadvantages so that next year's tax bite is less painful. See related link: <http://www.navigatorfinancialinc.com/p/1040-analyst>

Medical expense deductions will change for certain seniors - Another tax change in 2017 relates to itemizing your medical expenses with the hope of deducting them.

For the vast majority of Americans in 2016, your medical expenses would have had to surpass 10% of your adjusted gross income (AGI) before you could take a deduction. However, taxpayers 65 and older are able to use a previous threshold of just 7.5% of their AGI when itemizing and taking a deduction in 2016. Beginning in 2017, everyone is on the same playing field. If you're 65 and older, your medical expenses will have to top 10% of your AGI before you can claim itemized medical expenses.

Facebook Page and LinkedIn Pages – Please “**LIKE**” and “**SHARE**” our social media links. We make every effort to provide useful and relevant information, and I hope that you'll visit our pages often as a one-stop resource for tax and financial planning news.

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We are working hard behind the scenes to provide you with quality customer service, and we are looking forward servicing your tax preparation needs this year.

Please feel free to contact me by phone or email if you have any questions or need additional information. I appreciate your trust in our business and I look forward to working with again this tax season!

Sincerely,

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