

# IRS End-of-Year Advice

The IRS published four end-of-year planning letters this week. The letters urge taxpayers to plan for actions both in 2016 and 2017. One of those year-end letters is reprinted here.

**1. Before December 31** – You may make your charitable contributions this month. Credit card gifts are valid if made by December 31, even if you pay the bill next year. Checks are also deductible if postmarked by U.S. Mail by December 31. IRA charitable rollovers may fulfill the 2016 required minimum distribution (RMD). These are permitted for IRA owners age 70½ or older and have a maximum limit of \$100,000 per year.

**2. Moved or Name Change** – Taxpayers who moved should notify the IRS using Form 8822. Those who have name changes should notify the Social Security Administration. You will want to be certain that your Social Security records are updated so you receive appropriate credit for your payments.

**3. Filing Returns** – The filing season next year will start on January 23 and continue until Tuesday, April 18 (unless you file for extension). The IRS expects 153 million electronic returns to be filed. If you are obtaining a refund for the earned income tax credit (EITC) or the additional child tax credit (ACTC), Congress requires the IRS to hold the refund until at least February 15th. Koskinen stated, "For this tax season, it is more important than ever for taxpayers to plan ahead. People should make sure they have their year-end tax statements in hand, and we encourage people to file as they normally would, including those claiming the credits affected by the refund delay. Even with these significant changes, IRS employees and the entire tax community will be working hard to make this a smooth filing season for taxpayers." Koskinen notes that the IRS Free File program is available on [www.irs.gov](http://www.irs.gov) for taxpayers with incomes of \$64,000 or less. Many taxpayers also will take advantage of the Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) programs. To find a location near you, go to [www.irs.gov](http://www.irs.gov) and search for "free tax preparation."

**4. Mileage for 2017** – The 2017 business rates will be down by one half cent to 53.5 cents per mile. Medical and moving mileage rates will be 17 cents per mile. The charitable rate is unchanged at 14 cents per mile. You also have the option as a taxpayer to calculate actual costs for your vehicle usage.

**5. Flexible Spending Arrangements (FSAs)** – The 2017 limit for FSAs is \$2,600. If your employer permits use of this plan, you can allocate \$2,600 in pretax salary to the plan and use it for qualified medical expenses. These are typically co-pays, deductibles and medical products. They also may include dental and vision care. Some employer plans permit you to carry over \$500 of unused FSA benefit to the next year.