How to Stay Focused at Work

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   Creating a to-do list will provide structure and help you stay on top of deadlines. It also important to make sure that this list is realistic, so that you’re setting yourself up for success. Surprise deadlines or forgetting projects can put a huge damper on productivity, so the more you can stay ahead, the better.

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  - Accounts Payable
  - Monthly Reconciliations
  - Payroll Service
  - Journal Entries
  - Cash Flow
  - Scheduled Financial Reporting

- CFO Level
  - Investor Reporting
  - Financial Projection
  - Operating Budget
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Mr. Floor’s extensive client roster includes such well-known names as, The Chicago Bulls, The University of Chicago, Northwestern University, and the Lurie Children’s Hospital, dozens of the most prestigious buildings in the city, and most importantly, family homes across the Chicagoland area.

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A Partnership with Strong Roots

KRD and Mr. Floor’s rewarding partnership runs deep and is based on expertise, mutual respect, and common values.

“Working with KRD and Mike Harlan has been instrumental to our growth,” notes Murokh. “Their knowledge and experience provide the strategic thinking, with raw material purchases and financial planning in particular, are invaluable to our success, now and in the future.”

We Can Help

We welcome the opportunity to discuss how KRD can help with your tax and financial planning, please call us at 847.240.1040

www.krdcpas.com

In This Issue...

- AICPA / IRS Recommendations
- Charitable Contribution Regulations
- Identity Theft & the IRS
- Staying Focused at Work
- KRD: Outsourced Accounting Services
Identity Theft & the IRS
Identity theft happens when someone uses your personal information without your permission. While this can include credit cards, banking information, and passwords, it’s your Social Security number that’s the biggest IRS-related identity theft problem.

An estimated 4 to 5 million taxpayers are currently affected by identity theft with the IRS. When their Social Security numbers are stolen by an identity thief, the thief files for a tax refund early in the season. When you go to file your taxes, you receive a notice that you have already filed.

Here are some tips to prevent it from happening to you:
- Do not answer any emails from the IRS. The IRS does not send emails or text messages. If you receive suspicious IRS emails, report them to the IRS at phishing@irs.gov.
- Do not carry your Social Security number with you. Keep it in a secure location.
- Protect your computers with firewalls and anti-spam software.
- Change passwords for internet accounts.
- Do not give personal information on the phone or through email unless you are absolutely sure who you are giving it to.
- Shred all documents containing personal information.
- Check your credit report annually.

If you do happen to become a victim of this crime, here’s what you should do:
- If the IRS sends you a notice, respond immediately. Follow the instructions on the notice.
- File an identity theft affidavit (IRS Form 14039).
- Call the IRS Identity Theft Specialized Unit at 1-800-908-4490.
- Request an identity protection PIN from the IRS if you’ve received a letter inviting you to opt-in to the program. An IP PIN is a 6-digit number assigned to a taxpayer to help prevent the misuse of the Social Security number on fraudulent tax returns.
- If your purse or wallet containing personal information is stolen, contact all credit cards to cancel.
- Report the theft to the police department.
- Contact the credit bureaus about a fraud alert at the following numbers:
  - Equifax: 1-800-525-6285
  - Experian: 1-888-397-3742
  - Trans Union: 1-800-680-7289
- If your Social Security number has been stolen, notify the Social Security office of Inspector General at 1-800-269-0271.
- The Federal Trade Commission has a toll-free identification theft hotline at 1-877-438-4338 or visit their website: www.ftc.gov.

Final Regulations on Charitable Contributions – State & Local Tax Credits
This June, the U.S. Department of the Treasury and the IRS issued final regulations that require taxpayers to reduce their charitable contribution deduction by the amount of any state or local tax credits they receive or expect to receive in return. In addition, the IRS stated that taxpayers may treat payments they make in exchange for these credits as state or local tax payments. This allows some taxpayers to deduct a certain amount of the payments as taxes.

The IRS also posted a notice (Notice 2019-12) providing a safe harbor that allows an individual who itemizes deductions to take into account the state tax deduction; and a taxpayer who makes a $1,000 charitable contribution deduction if the state or local tax credit received or expected to be received is no more than $150.

The regulations provide exceptions for dollar-for-dollar state tax deductions and for tax credits of no more than 15 percent of the amount transferred. Thus, a taxpayer who receives a state tax deduction of $1,000 for a contribution of $1,000 is not required to reduce the federal charitable contribution deduction to take into account the state tax deduction; and a taxpayer who makes a $1,000 contribution is not required to reduce the $1,000 federal charitable contribution deduction if the state or local tax credit received or expected to be received is no more than $150.

The IRS also posted a notice (Notice 2019-12) providing a safe harbor that allows an individual who itemizes deductions to treat, in certain circumstances, payments that are or will be disallowed as charitable contribution deductions under the final regulations as state or local taxes for federal income tax purposes. Eligible taxpayers can use the safe harbor to determine their state and local tax (SALT) deduction on their tax-year 2018 return. Those who have already filed may be able to claim a greater SALT deduction by filing an amended return, Form 1040-X, if they have not already claimed the $10,000 maximum amount ($5,000 if married filing separately).

AICPA Outlines Priority Recommendations for IRS
The American Institute of CPAs (AICPA) submitted more than 140 recommendations to the IRS regarding its 2019 – 2020 Guidance Priority List. This list identifies and prioritizes items the AICPA believes the U.S. Department and Treasury and the IRS should address.

The AICPA is suggesting these items be addressed through regulations, revenue rulings, revenue procedures, notices and other published administrative guidance.

Many high priority items stem from the TCJA. These are tax issues that affect individuals, businesses and exempt organizations.

Some Guidelines the AICPA is urging the IRS to reconsider include:
- Use the simplest approach to accomplish a policy goal
- Provide safe harbor alternatives
- Offer clear and consistent definitions
- Use horizontal drafting (a rule placed in one Internal Revenue Code section should apply in all other Code sections) to the greatest extent possible
- Build on existing business and industry-standard record-keeping practices
- Provide a balance between simple, general rules and more complex, detailed rules
- Match a rule’s complexity to the sophistication of the targeted taxpayers

KRD’s membership in GGI allows us to keep our clients abreast of international tax and audit considerations and allows us to provide contacts for international law issues if needed. Allen Kutchins, Managing Partner, will participate in the International Taxation Group at the GGI World Conference in Marrakech, Morocco on behalf of KRD in November.
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Treasury Decision 9684, available in the Federal Register, finalizes proposed regulations published August 27, 2018, that were designed to clarify the relationship between state and local tax credits and the federal tax rules for charitable contribution deductions. The Treasury Department and the IRS issued the Treasury Decision after carefully reviewing the more than 7,700 written comments received during the comment period and 25 comments made at the November 2018 public hearing. About 70% of the comments recommended adopting the proposed regulations without change.

The final regulations, which apply to contributions made after August 27, 2018, and are effective on August 12, 2019, largely adopt the rules in the proposed regulations. Under the final regulations, a taxpayer making payments to an entity eligible to receive tax-deductible contributions must reduce the federal charitable contribution deduction by the amount of any state or local tax credit that the taxpayer receives or expects to receive in return. The regulations also apply to payments made by trusts or decedents’ estates in determining the amount of their charitable contribution deductions.

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