



Cygnets Tax

Steven P Bigos, EA
251 Pawtuxet Avenue, Warwick, RI 02888
401-942-1040 Info@CygnetsTax.com

Cygnets Tax Client

After a resounding success, I am pleased to again offer (and make permanent) the following Tax Preparation Services. Please read and choose which service best suits your needs. Feel free to call and discuss what services would be best for you prior to your appointment.

	SILVER	GOLD	PLATINUM	PREMIUM Service
Income Tax Preparation	X	X	X	X
Electronically Filed	X	X	X	X
Direct Deposit*	X	X	X	X
Penalties & Interest Paid (Up to Tax Prep. Fee)	X	X	X	X
Choice of Paper or PDF Password Protected "COPY" of Tax Return & Preparation Documents	X	X	X	X
Where's My Refund Inquiry		X	X	X
Tax Advice Consultation 1 st Inquiry-(Add'l \$95.00 per hour)		X	X	X
Year-End Tax Consultation Up to 1 Hour-(Add'l. \$95.00 per hour)			X	X
Tax Advice-Just a quick question Email & Phone Correspondence			X	X
Access to the Cygnets Tax Handout Library (access to 95+ Tax Brochures, Planning Tips, etc.)			X	X
Tax Letter Inquiry w/POA *Further Engagement May Be Additional				X
		\$95.00 Additional	\$195 Additional Or \$19.95 Month	\$295 Additional Or \$29.95 Month

Cygnets Tax will continue to offer you your **CHOICE** of PAPER or PDF of your Tax Return with supporting documents at NO ADDITIONAL COST -a \$25.00 Value. If you pay at time of tax preparation there is a Savings of up to \$110.00. Contact Cygnets Tax today.

Cygnets Tax NOW offers Cloud based uploading of Documents. Just contact Steve and he will set you up with an account.

Cygnets Tax will be starting to book appointments for tax return preparation after January 15th, 2016 Call to schedule a time that is convenient for you, 401-942-1040.

Cygnets Tax will again be accepting Credit Cards this year. Again this year, I have been approved by the U.S. Treasury (IRS) to be an Electronic Return Originator (ERO).

Cygnets Tax requires all clients to sign an engagement letter and client consent to use tax information form prior to engaging in preparing your income tax returns. Please download, read, sign, date and bring with you on your tax appointment. For your convenience you may download the forms at:

www.cygnets.com/17Taxinfo.html

Password: cygnets2017

In an effort to combat identity theft, the state of Rhode Island is now requiring valid state id's for tax return processing. So Cygnets Tax will be updating all clients with new IDs, please bring yours to your next appointment.

Due to strict regulations imposed by the US Treasury/Internal Revenue Service and States on protecting client's identities and information, Cygnets Tax has had to impose an Electronics Service fee of \$10.00 to defray some of the cost. Thank you for your understanding.



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2016-2017 Additional Fees Schedule

"COPY" of Tax returns (ea. Year)	(Postage will be charged if mailing)	\$ 15.00
PDF version of Tax Return (ea. Year) and supporting documentation		\$ 25.00
Fax or e-Mail Transmission (additional)		\$ 15.00
Insufficient Funds Returned Check Fee		\$ 25.00
Outstanding Balance Fee	(1½% per Month) *Minimum	\$ 5.00
Missed Appointment	(if less than 24 hour notice)	\$ 95.00
Estimated Tax Appointment		\$ 69.00
Tax Advice Consultation		\$ 95.00
Business Consulting		\$ 95.00
Telephone Consulting		\$ 95.00
Tax Letter Inquiry w/Power of Attorney (Form 2848 Federal & State)		\$ 250.00
IRS Representation (per hour)		\$ 250.00

Cygnets Tax continues to offer the following Business Startup with basic startup costs, additional fees may be required based on complexity of business, call to schedule you appointment

Small Business Startup / Formation Schedule C Business Entity	\$ 350.00
Small Business Startup / Formation of LLC Business Entity	\$ 500.00
Small Business Startup / Formation of Corporate Business Entity	\$ 950.00

Cygnets Tax also offers Income Tax Resolution Services.

These services include: Transcript Investigation, Compliance, Release of Bank or Wage Levy, Installment agreements, Offers in Compromise, Innocent Spouse, Penalty Abatement and Audit Representation. If you know of someone who hasn't filed tax returns in years, owes back taxes, have them contact Cygnets Tax.

As usual, the Cygnets Tax website (www.CygnetsTax.com) will have all necessary forms you need for your tax appointment. Please download what you need and fill them out prior to your appointment to make tax preparation easier.

Your Privacy is my concern. It is my policy to keep your personal and business matters confidential to the extent permitted by law. I handle all information you provide me with the utmost confidentiality. Your personal information will only be shared with members of Cygnets Tax who need to know this information in order to complete the work you have hired me to do. I will not disclose your personal information to anyone outside Cygnets Tax without your express written permission to do so, or unless I am legally required to do so. For example, if a mortgage lender contacts our office for a copy of your return or information about it, I will ask that you provide written permission prior to me responding to that request.

Since **Referrals** are the cornerstone of any service business, I (like other professional service firms) rely on satisfied clients as my primary source of new business. Your referrals are both welcome and most sincerely appreciated! This year, I am again offering you \$5.00 off your next year's tax return for each new client who has their taxes prepared by Cygnets Tax.

Thank you and I am looking forward to serving you this coming tax year and am available year round to assist you with your tax planning questions. Please feel free to call if you or someone you know needs tax, bookkeeping, budgeting or daily money management (DMM) assistance.

Steven P Bigos, Enrolled Agent
Cygnets Tax



Cygnets Tax Contact



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Cygnet Tax Client Engagement Letter

Name: _____

Phone # _____

Address: _____

City, State, Zip _____

Thank you for choosing Cygnet Tax to assist you with your 2017 Income Taxes. This letter confirms the terms of our engagement with you and outlines the nature and extent of the services we will provide.

Cygnet Tax will prepare your 2017 taxes federal and state income tax returns. Cygnet Tax will depend on you to provide the information we need to prepare complete and accurate returns. We may ask you to clarify some items but will not audit or otherwise verify the data you submit. Cygnet Tax has Organizer to help you collect the data required for your return. The Organizer will help you avoid overlooking important information. By using it, you will contribute to efficient preparation of your returns and help minimize the cost of our services. You may request an Organizer be mailed to you or you may download the Organizer on our website-www.CygnetTax.com.

We will perform accounting services only as needed to prepare your tax returns. Our work will not include procedures to find defalcations or other irregularities. Accordingly, our engagement should not be relied upon to disclose errors, fraud, or other illegal acts, though it may be necessary for you to clarify some of the information you submit. We will, of course, inform you of any material errors, fraud, or other illegal acts we discover. The law imposes penalties when taxpayers underestimate their tax liability. Call us if you have concerns.

Should we encounter instances of unclear tax law, or of potential conflicts in the interpretation of the law, we will outline the reasonable courses of action and the risks and consequences of each. We will ultimately adopt, on your behalf, the alternative you select.

Our normal fee method is to base costs on the type of forms and schedules required, but if excessive time is required for preparing, researching or bookkeeping, you will be billed additional billing rates plus out-of-pocket expenses. Invoices are due and payable upon presentation. NO return will be e-filed or a completed return for mailing will be presented until paid for unless other payment arrangements are made. To the extent permitted by state law, an interest charge may be added to all accounts not paid within thirty (30) days.

We will return your original records to you at the end of this engagement. You should securely store these records, along with all supporting documents, canceled checks, etc., as these items may later be needed to prove accuracy and completeness of a return. We will retain copies of your records and our work papers for your engagement for four years, after which these documents will be destroyed.

Our engagement to prepare your 2017 Income tax returns will conclude with the delivery of the completed returns to you (if paper-filing), or your signature and our subsequent submittal of your tax return (if e-filing). If you have not selected to e-file your returns with our office, you will be solely responsible to file the returns with the appropriate taxing authorities. Review all tax-return documents carefully before signing them.

Your returns may be selected for audit by a taxing authority. Any proposed adjustments are subject to appeal. In the event of a tax examination or inquiry, Cygnet Tax can arrange to be available to represent you. Such representation will be a separate engagement for which an engagement letter will be provided to you. Fees and expenses for defending the returns will be invoiced in accordance with terms we agree on for that engagement.

You agree that you will provide us with additional information requested to prepare your returns within 5 days after requested, and you understand and acknowledge that it is not Cygnet Tax's responsibility to follow up with you in the event that you do not provide us with information that we need to complete your returns. You will contact us immediately if you discover additional information that will lead to a change in your tax returns, or if you receive any correspondence regarding your tax returns. Cygnet Tax is only responsible for penalties and interest up to the value of your income tax preparation fee, if Cygnet Tax omitted data or was erroneous in preparing your income tax return.

To affirm that this letter correctly summarizes your understanding of the arrangements for this work, please sign.

Sincerely,
Steven P Bigos, EA
Cygnet Tax

Accepted By:

Taxpayer

Email: _____

Spouse

Email: _____

Date



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CONSENT TO DISCLOSE OR CONSENT TO USE FORM 1040 TAX RETURN INFORMATION REQUIRED BY SECTION 7216(a)

Federal law requires this consent form be provided to you. Unless authorized by law, we cannot disclose, without your consent, your tax return information to third parties for purposes other than the preparation and filing of your tax return and, in certain limited circumstances, for purposes involving tax return preparation. If you consent to the disclosure of your tax return information, Federal law may not protect your tax return information from further use or distribution.

You are not required to complete this form. Because our ability to disclose your tax return information to another tax return preparer affects the service that we provide to you and its cost, we may decline to provide you with service or change the terms of service that we provide to you if you do not sign this form. If you agree to the disclosure of your tax return information, your consent is valid for the amount of time that you specify. If you do not specify the duration of your consent, your consent is valid for one year.

Duration of consent (optional): _____

I, _____, authorize Steven P Bigos, Enrolled Agent, D/B/A Cygnet Tax to disclose [specify tax return information to be disclosed]
 Prior Year, Current Year and Estimating Future Tax and Financial Information
 Other

to [identify the recipient of the tax return information]
Name: _____
Business Name: _____
Address, City, State, Zip _____
for the purpose of [specify the intent of the disclosure]
 Income Tax Advising, Estimating and Preparation
 Other

If you believe your tax return information has been disclosed or used improperly in a manner unauthorized by law or without your permission, you may contact the Treasury Inspector General for Tax Administration (TIGTA) by telephone at 1-800-366-4484, or by email at complaints@tigta.treas.gov.

I hereby consent and give my authorization as stated above.

Taxpayer

Spouse

Date

Date



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The new tax law, commonly called the "Tax Cuts and Jobs Act," is the biggest federal tax law change in over 30 years. Below are some significant changes affecting individuals and businesses.

Note: Except where noted, the changes are effective for tax years beginning after December 31, 2017.

Individuals

Tax provisions that were eliminated:

- Personal exemption deductions are suspended.
- Phase-out of itemized deductions based on adjusted gross income (AGI) is suspended.
- Itemized deduction for home equity interest is no longer allowed.
- Itemized deduction for miscellaneous itemized deductions subject to the 2% floor are no longer allowed. Examples include investment expenses, unreimbursed employee business expenses, and tax preparation fees.
- Personal casualty loss and theft deductions are eliminated unless the loss is incurred in a federally declared disaster area.
- The moving expense deduction and income exclusion is allowed only to members of the Armed Forces (or their spouses or dependents).
- No charitable contribution deduction is allowed for a payment to a higher educational institution in exchange for the right to purchase tickets or seating at an athletic event.
- Alimony is not deductible by the payer nor includible in income by the recipient for agreements entered into after December 31, 2018.
- Effective for 2019, the shared responsibility payment under the Affordable Care Act for not having minimum essential health insurance coverage is zero.

Tax provisions that were reduced:

The 2018 estate and trust income tax rates

are:

\$0 to \$2,550.....	10%
\$9,151 to \$12,500.....	35%
\$2,551 to \$9,150.....	24%
\$12,501 and over.....	37%

The threshold for deducting medical expenses is 7.5% of AGI for all taxpayers for 2017 and 2018.

The home mortgage interest deduction debt limit is reduced to \$750,000 (\$375,000 MFS) with certain exceptions.

The itemized deduction for state and local taxes is limited to \$10,000 (\$5,000 MFS). (This limit includes both state and local income taxes and real property taxes.)

Tax provisions that were increased:

The 2018 standard deduction is:

- Single or Married Filing Separate..... \$12,000
- Married Filing Joint or Qualified Widow(er)..... \$24,000
- Head of Household..... \$18,000

The following additional standard deduction applies for a taxpayer 65 or older or blind, per person, per event:

- The Child Tax Credit increased to \$2,000 per qualifying child and the phase-out threshold increased.
- There is a new Family Tax Credit of up to \$500 for dependents who are not a qualifying child for purposes of the Child Tax Credit.



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The 2018 alternative minimum tax (AMT) exemption and phase-out ranges are:

Exemption Amount	Phase-Out Range
Single or HOH.....	Single or HOH.....
\$70,300	\$500,000 to \$781,200
MFJ or QW.....	MFJ or QW.....
\$109,400	\$1,000,000 to \$1,437,600
MFS.....	MFS.....
\$54,700	\$500,000 to \$718,800

- For the charitable contribution deduction, the percentage of AGI limitation for cash to public charities and certain other organizations increased from 50% to 60%.
- The estate and gift tax exemption amount doubled to \$10 million, before any adjustment for inflation.
- Tax provisions that were changed:
- The long-term capital gain and qualified dividend income maximum tax brackets no longer follow the tax brackets for regular income tax purposes.

The 2018 breakpoints are:

Taxable income	Maximum Rate	Taxable income	Maximum Rate
Single		MFJ or QW	
\$0 to \$8,600.....	0%	\$0 to \$77,200.....	0%
\$38,601 to \$425,800....	15%	\$77,201 to 479,000.....	15%
\$425,801 and over.....	20%	\$479,001 and over.....	20%
HOH		MFS	
\$0 to \$51,700.....	0%	\$0 to \$38,600.....	0%
\$51,701 to \$452,400....	15%	\$38,601 to \$239,500.....	15%
\$452,401 and over.....	20%	\$239,501 and over.....	20%

Estates and Trusts

\$0 to \$2,600.....	0%
\$2,601 to \$12,700	15%
\$12,701 and over.....	20%

The parent's rate is no longer used to calculate the kiddie tax. Instead, taxable income attributable to net unearned income is taxed at the estates and trusts tax rates for both ordinary income and net capital gains.



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Business

Tax provisions that were eliminated:

- There is no longer a separate tax rate for personal service corporation's (PSCs).
- The two-year carry back provision for net operating losses (NOLs) has been eliminated except for certain losses.
- There is no meals and entertainment deduction for membership dues or activities generally considered to be entertainment, amusement or recreation.
- AMT for C corporations has been repealed.

Tax provisions that were reduced:

- All taxable income of a C corporation is taxed at a flat rate of 21%.
- The 70% dividends received deduction is reduced to 50%. The 80% dividends received deduction is reduced to 65%.
- The net operating loss deduction (NOL) is limited to 80% of taxable income.

Tax provisions that were increased:

- An individual taxpayer generally may deduct 20% of qualified business income from a partnership, S corporation, or sole proprietorship. In the case of a partnership or S corporation, the deduction applies at the partner or shareholder level. The deduction is disallowed for specified service trades or businesses when taxable income exceeds the threshold amount.
- Special (bonus) depreciation is increased to 100% of property acquired and placed in service after September 27, 2017, with a new phase-down schedule for years after 2022. The new law allows special depreciation for both new and used property.
- The Section 179 deduction is increased to \$1,000,000 and the phase-out threshold amount increased to \$2,500,000.
- The new law expanded the definition of Section 179 property to include certain property used predominantly to furnish lodging.
- The depreciation limitations for luxury automobiles have been increased.

There are many events that occur during the year that can affect your tax situation. Preparation of your tax return involves summarizing transactions and events that occurred during the prior year. In most situations, treatment is firmly established at the time the transaction occurs. However, negative tax effects can be avoided by proper planning.

Please contact us in advance if you have questions about the tax effects of a transaction or event, including the following:

- Pension or IRA distributions.
- Significant change in income or deductions.
- Job change.
- Marriage.
- Attainment of age 59 1/2 or 70 1/2.
- Sale or purchase of a business.
- Sale or purchase of a residence or other real estate.
- Retirement.
- Notice from IRS or other revenue department.
- Divorce or separation.
- Self-employment.
- Charitable contributions of property in excess of \$5,000.