HEALTH CARE COVERAGE STATEMENT

Applies to ALL individuals

This statement must be signed ONLY if you have not provided us with a form 1095-A, 1095-B, or 1095-C. ALL form 1095 types are required for 2018, so if you have an insurance plan other than Medicare, you should receive a form 1095 either from your employer or directly from the insurer.

Effective 1/1/14, unless you are covered by an exemption, you are required to maintain basic health insurance coverage (known as minimum essential coverage) for yourself and any of your dependents, or pay a shared responsibility payment (a penalty). Unless otherwise extended, 2018 will be the final year for the minimum essential care requirement and the shared responsibility payment.

The penalty is the lesser of: (i) the greater of a flat dollar amount or a percentage of your household income, or (ii) the national average premium for the lowest-level plan providing minimum essential coverage. You must make the shared responsibility payment when you file your federal income tax return. Married individuals who file a joint return for a tax year are jointly liable for any shared responsibility payment.

You can satisfy the minimum essential coverage standard (and not be subject to a penalty) if you and your dependent are enrolled in a qualified health plan offered by an exchange, a qualified employer-sponsored plan (including a government plan), a government plan, such Medicare, Medicaid or CHIP (Children's Health Insurance Program), or any other health coverage plan recognized as affording minimum essential coverage. Note that minimum essential coverage does not include workers compensation insurance, disability insurance, dental or vision benefits, long-term care benefits, and Medigap or MedSupp insurance.

If you are an exempt individual, such as a non-U.S. citizen, member of certain religious sects or health care sharing ministries or a member of an Indian tribe you will not be subject to the individual mandate. In addition, low income taxpayers, taxpayers for whom basic coverage is unaffordable and taxpayers who qualify under a hardship exemption are not required to maintain minimum essential coverage. Moreover, any individual who doesn't maintain minimum essential coverage for less than three consecutive months will not be subject to the penalty for failure to maintain coverage. To determine whether you qualify for an exchange exemption, visit http://marketplace.cms.gov to learn more and to get an application for exemption. For a complete list of exemptions, including hardship exemptions, go to www.healthcare.gov/fees-exemptions

By your signature below, you certify that you have minimum essential health care coverage as defined by the law or satisfy an exemption. You understand that it is your responsibility to research and determine whether you meet the requirements for an exemption. You also certify that as your CPA, we are not responsible for auditing or verifying you have met the minimum essential coverage as defined by the law or for satisfying an exemption. Unless you have provided our firm with a 1095-A, 1095-B, or 1095-C, we are unable to endorse or verify any other documentation you provide as meeting the requirements of minimum essential coverage.

Check one:

- o I certify that I have minimum essential coverage for myself, spouse and all eligible dependents. I/we have the following health insurance:
  - ☐ Medicare
  - ☐ Obtained through the Marketplace **(we must have a copy of your 1095-A)**
  - ☐ Employer/self- provided. Name of insurer ____
  - ☐ Other. Please explain ____
- o I certify that I have met an exemption.
- o I do not have minimum essential health care coverage and do not meet any exemptions. I understand I will pay a penalty on my 2018 federal tax return.

____ ______________

Taxpayer signature Date

(over)

Applies to business & rental property owners ONLY

ACCOUNTING PROCEDURES STATEMENT (EXPENSE VS. CAPITALIZATION)

The IRS has issued final regulations on the tax treatment of amounts paid to acquire, produce, or improve tangible property. The regulations explain when those payments can be deducted for an immediate tax benefit, and when they must be capitalized and subsequently depreciated. The regulations must be followed for 2018 tax returns.

Capitalization or deduction: The regulations set forth the general rule that amounts paid to improve a unit of property (UOP) must be capitalized. An improvement is defined as an expenditure that betters a unit of property, restores it, or adapts it to a new and different use. On the other hand, the regulations allow a current deduction for repairs and maintenance to property only if not otherwise required to be capitalized.

Materials and supplies: A deduction is allowed for amounts paid to produce and acquire materials and supplies that are consumed during the year. Materials and supplies are defined to include five specific categories of property used or consumed in the business operations. For example, UOPs with an economic useful life of no more than 12 months qualify as materials and supplies under this rule. Likewise, UOPs that cost $200 or less to acquire or produce, qualify as materials and supplies.

De minimis safe harbor: The regulations allow a taxpayer to deduct certain limited amounts paid for tangible property that are expensed for financial accounting purposes. For most businesses, the maximum figure is $2,500 (previously $500). The de minimis safe harbor amount paid for the property is per invoice, or per item as substantiated by the invoice. To use the safe harbor, a business must have accounting procedures in place at the beginning of the tax year that treat amounts paid for property costing less than a specified dollar amount or with an economic useful life of no more than twelve months as an expense.

Routine maintenance safe harbor: The regulations include a safe harbor that allows certain expenses of routine maintenance to be deducted rather than capitalized. Routine maintenance means recurring activities that keep business property (including buildings) in ordinarily efficient operating condition, such as inspections, cleaning, testing and replacement of damaged or worn parts. For a building structure or system, the taxpayer must reasonably expect to perform the maintenance more than once during the ten year period that begins when the structure or system is placed in service. For property other than buildings, the taxpayer must reasonably expect to perform the activities more than once during the depreciable life of the property.

SAMPLE **ANNUAL** ACCOUNTING CAPITALIZATION POLICY

(A new form must be signed each year.)

Annual Accounting Capitalization Policy for ____

(taxpayer or business name)

(1) This accounting capitalization policy is effective as of 1/1/18, and treats as an expense for non-tax purposes:
  (a) The amount paid for property that does not exceed $2,500 per invoice (or per item as substantiated by the invoice); or
  (b) The amount paid for property with an economic useful life of 12 months or less.
(2) Pursuant to this policy, the amounts described in (1) above will be treated as an expense on the books and records.

____ ______________________

Taxpayer signature Date

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