

Not Your Basic Bean Counter

Michael A. Gordon, CPA, LLC
290 S. 4th Street, Coos Bay, Oregon 97420

www.mikegordoncpa.net
541-269-1272



February 2015

NEWSLETTER

Page 1 of 6

INSIDE THIS NEWSLETTER

- Page 1Online poker....WARNING
- Page 2Phone fraud.....& tax reminders
- Page 3Affordable Care Act.....off and running!
- Page 4IRS Commissioner warns taxpayers....again.
- Page 5Rhoda article.....yay!
- Page 6Our Facebook page, and Portland Bagel opportunity



Online Poker Gets “Losing Hand” by IRS

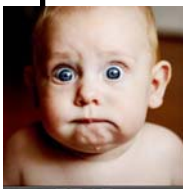


Most folks have heard at least *something* about the IRS requiring the reporting of foreign bank accounts. Well, I won't bore you with the insanely complex rules here. However, please note that if you have money in a foreign account and do NOT report it, the IRS can fine you \$10,000 for each account. They are deadly serious about this stuff. Apparently, there are millions of taxpayers who have “shifted” funds to banks in other countries in an effort to hide that money from the IRS. The IRS has been incredibly successful in finding these accounts and fining taxpayers that \$10,000 amount.

Well.....get a load of this. As some of you know, internet gambling is illegal. So, all of those internet sites you see that offer gambling are housed outside of the United States. Therefore, it is entirely possible for a person to have over \$10,000 temporarily in one of the offshore gambling accounts. Notice that the \$10,000 is the starting point for the reporting requirement...AND it is the penalty amount for not reporting it! Interesting.

As it turns out, in 2014 the IRS was successful in discovering a taxpayer that was involved with on-line gambling and had 3 separate accounts offshore (from the gambling entity). This was during 2006 (and, yet, the IRS assessment was in 2014). Then, in 2007 the same taxpayer had one account. Can you guess what the IRS did?

The IRS assessed the \$10,000 penalty against all 3 accounts for 2006 and another \$10,000 for the account in 2007. That's a total of \$40,000.....and it is NOT deductible!



SPEAKING OF FOREIGN BANK ACCOUNTS....

Flip over to pg 2 and read my warning about this in the section “Tax Reminders”.

Congress and IRS are going nuts over this stuff...not good at all.



Phone Fraud—IRS Impersonators

J. Russell George, our Treasury Inspector General for Tax Administration (what a title, huh?), is warning taxpayers to expect an enormous amount of phone fraud with people representing themselves as IRS agents. **DON'T BELIEVE IT!!**

Since October 2013, there have been roughly 290,000 such contacts. The agency is aware of nearly 3,000 victims who have collectively paid over \$14 million as a result of these scams. That is unacceptable.

How does this happen?

It happens by dastardly individuals who make unsolicited calls to taxpayers fraudulently claiming to be IRS officials and *demanding* that they send them cash via prepaid debit cards.

If you get a call like this....**HANG UP!** Do not give any personal information to these callers.....*EVER*. This is criminal activity at its worst. Please let us know if this happens to you....but, the main thing is to **HANG UP**.

Some Tax Reminders

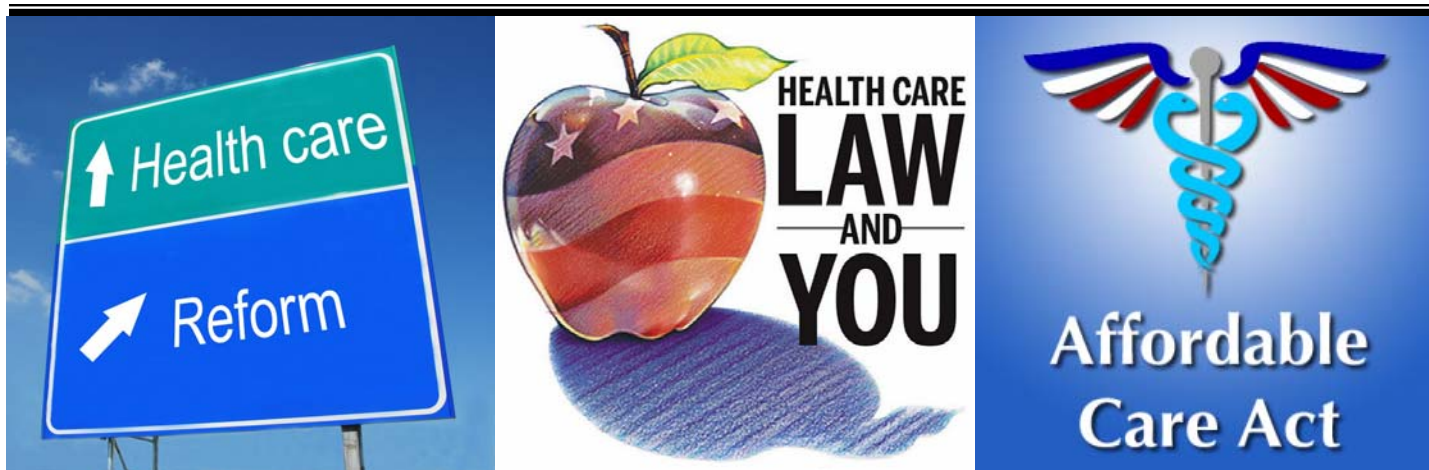
1. March 16, 2015, is the first deadline for filing corporate tax returns. Millions of corporate returns will be extended. The final due date will, then, be September 15, 2015.
2. April 15, 2015, will be the first deadline for filing individual tax returns. Millions of these will also be extended. The final due date will, then, be October 15, 2015.
3. **WARNING....WARNING....FOREIGN ACCOUNTS:** I have been warning my clients for years now about how serious the U.S. Government is about taxpayers having assets in foreign countries. There is an annual reporting requirement....and the IRS is on the warpath about this. I have explained the circumstances and issues in prior newsletters, so I won't do it again here. The potential penalties for noncompliance are gigantic.

True story....I just met with a taxpayer who has not filed tax returns for several years because he/she did not make enough income to file. That's quite common. However, this taxpayer told me that he/she had \$40,000 in an overseas bank account and has never reported it. This is serious, folks. I think I ruined this person's day by telling him/her about this. The good news is that I gave him/her the phone number of an attorney who handles just this kind of thing and can probably get him/her out of any large penalties if acted on right away.

If you know anybody with assets in overseas accounts, please have them call me immediately. I will get them in touch with an attorney who can guide them. It is very serious stuff to the IRS.

Not Your Basic Bean Counter

February 2015 Page 3 of 6



I cannot stress enough the need to give us proper information regarding your health insurance coverage (or lack of it) this tax season.

Here's a bit of a primer.....

First of all, if you purchased health insurance through the “exchange”, then you WILL receive a Form 1095-A in the mail. You should already have this in your possession. We will NEED that form to prepare your return.

If you purchased health insurance outside the “exchange”, then we will need to know that. We'll need to know if you were covered all year or part of the year (and which months!). We will need that information for everyone on your tax return. So, if you are married with 3 kids, we'll need to know this information for all 5 of you (while it is unlikely, it is entirely possible that the answers are NOT the same for all 5 of you).

My staff has been to quite a few seminars on this subject. The consensus is that doing this work will mean more time to prepare your tax returns. That means more fees, right? We have even heard that the cheapest chain (guess which one) is going to be charging a flat fee of close to \$250 to do the appropriate forms relating to this subject.

At our firm, we are not convinced that it will take \$250 (or more) of time. We may end up being wrong. We hope not. But we will be absolutely honest and transparent about it with you when you get our billing. I intend to separate out, on a separate line, the time and fees related to this issue. I don't see, ethically, how I can charge one flat fee for this stuff. I'm sure many firms will make a fortune charging that way. I can't do it. You guys are family and that's not how you treat family.

Be kind and understanding...we'll need it

We may be calling you more than once regarding information we need relating to this health insurance issue. All we ask is to please bear with us as we get our feet wet and figure this all out.

As always, never hesitate to call us with any questions.

Planning For The Unexpected

Don't forget to go to my website, click on the Members Only section, log in with "mag" as the secret password, and print out the "Planning For The Unexpected" pamphlets. They are FREE. I want to get these into the hands of ANYONE willing to bite the bullet and prepare for the unexpected. Please take this seriously. I passed these out at our client party. If you were not able to attend the client party, please get on to my website and print these out. I spent over 30 hours preparing these and I think they are the best out there (I might be a little biased).

IRS Commissioner Gives us More Information

In my last newsletter I told you that John Koskinen, IRS Commissioner, recently warned that close to half the people trying to reach the IRS by phone might not get through during the coming tax season. He said that "phone service could plummet to 53%, down from the 2014 response rate of 72%". This was said at a recent AICPA National Tax Conference.



Well, there's more!

I could hardly believe my ears when he came out and said that there will likely be at least 46,000 fewer individual and business audit exams in 2015. Amazing. He told us that they are facing serious budget cuts and that is going to have a big impact on the IRS. For one thing, he noted that they will NOT be able to replace aging information technology systems, which could delay new taxpayer protections against identity theft. That is NOT good news, folks. I don't mind fewer audits (who would?!) but I am scared by the outdated computer systems that will not be replaced. Identity theft is alive and well...and there is no end in sight.

In addition, the Commissioner is talking about the need for some "furlough" days for IRS employees (you know....those are unpaid days off work due to budget cuts).

What kind of dollars are we talking about?

Well, Congress cut the IRS budget by \$346 million for the remaining nine months for the fiscal year ending 9/30/15.....OUCH! I am anxious to see how much they cut for the next fiscal year...it could be brutal.

From The Desk Of... *Rhoda Gordon*

I no longer make New Year resolutions but do take stock of situations, here and there, and try to dig myself out a little. My kitchen pantry is a case in point. There's a whole psychological profile there, and it ain't pretty. The overdrawn expiration dates suggest procrastination and/or disorganization; the backlog of exotic spices, sauces and condiments imply faded dreams of haute cuisine.

Here's the kind of thing that happens to me: I was in Barbur World Foods, in Portland, browsing the aisles and minding my own business when the owner saw me and tagged me as a culinary tourist. Let's just say that I was a good sale—and now, a year later, I've got the dried shallot powder, za'atar, gum mastic and carob molasses all lined up to prove it. A large jar of medium-hot dried Aleppo peppers, too.

So I've decided to shop my own pantry for a while. That means a moratorium on most non-perishable food items until Mother Hubbard comes to inspect and gives me the thumbs-up.

Some things are easy—the canned hearts of palm got sliced and diced into a salad; the peppadew peppers gave a jolt to steamed cauliflower (and they're good right out of the jar, too—stuffed with a bit of cheese). To roam farther afield, I love touring the World Wide Web. Input something like “creative uses for jam” and be inspired to whip up anything from homemade steak sauce to Moroccan tagine!

My sister Ruthie makes huge (and hugely popular) pans of Cranberry Chicken for special events, so when I found a can of cranberry-raspberry jellied sauce in my pantry, I immediately thought “chicken!”. This recipe typically has canned cranberry sauce, bottled Russian or French or Catalina salad dressing and dry onion soup mix stirred together to make the sauce—but shopping my pantry called for improvisation. This is what I came up with:

Pantry Cranberry Chicken

- 10-12 boneless, skinless chicken thighs
- 1 14-ounce can Ocean Spray cranberry-raspberry sauce
- Approx. ½ cup whole cranberry sauce (homemade, leftover from Christmas)
- 1 8-ounce jar Annie's organic smoky tomato dressing
- 2 tablespoons dried minced onions
- 2 teaspoons Better Than Bouillon Chicken Base
- Salt and freshly ground pepper, to taste

Preheat the oven to 375 degrees. Lightly oil a 9 by 12 glass baking dish and place chicken thighs in the bottom. Stir together the remaining ingredients and pour mixture over the top; turn chicken so it is well-coated in the sauce. Cover with aluminum foil and bake for 45 minutes—then uncover for another 10-15 minutes, until chicken is tender and sauce is thickened. Serve with rice.

I was a little bit dubious about letting Ruthie try this—after all, she's the Cranberry Chicken queen and her version must have secret ingredients—but was elated when it passed muster. She even wanted to take some home!

At some point though, I'll need to tackle that gum mastic. Turkish delight, anyone? Stay posted.

Portland Bagel - A Great Opportunity

Bruce and Jeannie Moore are the owners of Portland Bagel. They told me that they are getting older and moving in other directions and would like to sell the business. The ideal buyer will be a young, energetic person (or couple) who wants to work in the business on a full-time basis. Jeannie feels that there is significant upside potential for franchising into other areas of Oregon. The price is right and they are willing to carry a contract. If you have any interest, or know of someone who might, please give them Bruce's cell phone....808-854-1529.



**OMG....We've got a Facebook page!!
Go ahead and "LIKE" us on Facebook....I must be a dinosaur
because I never thought I'd see the day I would say that!!**

Don't get all excited, now. We know that some of our clients have *never* been on Facebook. That's okay. We still love you. And you do NOT need to go there to be a normal, functioning human being!

However, many of our clients DO go to Facebook on a regular basis and we thought we should have a "Facebook presence". Scary, huh?

We will be posting interesting stuff there for you all. How often? Well, our goal is at least weekly.

You can really help us out by going to the Michael A. Gordon, CPA, LLC, page on Facebook and "liking" us, as well as checking it regularly for information.