

Accu-Facts

By Accu-Tax, Inc.

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Foreign Banks or Assets

I tried to go over this new requirement with each client as I saw you but I need to remind you that the deadline for this form is June 30th of the following year.

Those I see before April or even through June is great – I add the task to the tax return and we're done BUT for those of you who go on extension and I don't see you until AFTER JUNE then we have a problem. Call me to get this form in to them timely even if your return isn't done until September.

Working kid's Tax Return

I also tried to tell all the parents of working kids that I'd need a copy of Junior's tax return this year and I can now shorten that list to only those families that will be penalized for not carrying health insurance.

If you didn't have health insurance for the family then I will need to have Jr's tax return-regardless of if he paid tax or not. Reminder: make sure he doesn't claim himself by stating that "another will claim him on their tax return".

Scholarships – taxable?

Every year I learn something new at the tax seminars, this year it's that scholarships given to students that are in excess of the tuition and books are taxable to the student! Oh No Mr. Bill! If your student gets a "full ride" including living costs, the portion

that is above the cost of the tuition and books, (dorm, meals, gas) is taxable to the student. So, now we need to pay attention to the actual transcript from the university's accounting office rather than just the form 1098T.

Parents who prepare their student's EZ form need to be aware of this. The excess money goes on the WAGES line of the form with the phrase "SCH" next to it.

NOTE: Supplies like computers and paper are also allowed so exclude those amounts.

New Form 1095-A

IF you bought your health insurance through the Exchange you should get a Form 1095A from them. I need this form to do your return. Please bring it with you. Add it to the list of items you usually bring me from here on out. Without this form I am unable to complete the return and e-file it.

Exempt from Health Insurance Penalty

Remember last Newsletter I told you that IF you don't have health insurance you may qualify for an exemption to get out of the penalty BUT you needed to get their Certificate of Exemption. I need THAT exemption number to go on your return so bring that if applicable. No e-file without.

National Mortgage Settlement Payment

Five banks entered into a settlement with the US Government in 2012 because they screwed up the foreclosures on

their customers. (Ally/GMAC, Bank of America, Citi, JP Morgan/Chase and Wells Fargo) To be eligible for this settlement the borrower had to meet these criteria:

1. Primary Residence
2. Customer of the above banks
3. Borrower made at least three (3) payments
4. Foreclosed between January 1st 2008 to December 31st, 2011
5. Loan was not over \$729,750

Talk to me if this is you...go to

www.nationalmortgagesettlement.com

These payments are court ordered and may NOT be taxable. They will be added to the deemed sale of the residence and may be absorbed by those rules.

-Not to be confused with the Independent Foreclosure Review Program

There was a different agreement in 2013 with banks brought on by their deficient practices with regards to foreclosures in addition to the above. This was an out of court settlement with the government.

You may qualify if your home was in foreclosure in 09-10 whose loan was with the banks listed here:

- America's Serving Company
- Aurora Loan Services

- BAC Home Loans Servicing
- Bank of America
- Beneficial
- Chase
- Citibank
- CitiFinancial
- CitiMortgage
- Countrywide
- EMC Mortgage Corporation
- EverBank/EverHome Mortgage Company
- GMAC Mortgage
- Goldman Sachs
- HFC
- HSBC

- Litton Loan Servicing LP
- MetLife Bank
- Morgan Stanley
- National City Mortgage
- PNC Mortgage
- Saxon Mortgage
- Sovereign Bank (now known as Santander Bank)
- SunTrust Mortgage
- U.S Bank
- Wachovia Mortgage
- Washington Mutual (WaMu)
- Wells Fargo Bank, N.A.

- Wilshire Credit Corporation

Typically these payments will be taxable and presented on a Form 1099MISC because they are a settlement not a reimbursement. Only a few borrowers will have their payment described as return of interest, return of equity, return of fees or return of tax W/H and therefore, nontaxable.

The deadline for this was September 2014 but try anyhow. The deadline applies to those who were notified by the bank. Maybe your old loan bank didn't have your new address and you weren't notified you qualify!