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A MESSAGE FROM THE LAWRENCE TAX SERVICE TEAM

Dear Clients and Friends: All of us at Lawrence Tax Service (LTS) welcome you to the New Year and the upcoming 2015 tax season.

In this edition of our annual LTS newsletter you will find a helpful reminder concerning important tax season appointments and procedures, the January Form 1099 filing season, and a reminder to review our LTS website for tax law updates e.g. new Affordable Care Act ("ACA") and tax Extenders legislation. We will also provide a feature profile on our LTS Team and staff.

In addition, enclosed is your annual tax data collection organizer for your 2014 taxes. Please take extra care in preparing your organizer and documentation so we can do the best possible job to find tax benefits that are hidden in the law and protect you from more aggressive audit programs and larger penalties.

With the start of 2015 it is now time to gather your tax records for the upcoming tax filing season. Many year-end tax forms will be mailed to you shortly. Refer to the enclosed "Things to Bring List" for many of the forms we will need you to provide us for preparing your tax returns. With the advent of many new Federal and State tax treatments, our challenge as taxpayers to "do it right" has never been greater. LTS is here to help.

THE LTS TEAM: The LTS team works collaboratively throughout the year providing tax preparation and representation services for our valued clients. We are happy to report that during 2014 LTS extended the office lease for another five years so we are not moving any time soon. LTS was founded by Greg Lawrence in 1973 who transitioned it to Miles in the mid 1990's. Starting in 1983, Miles joined his father in the practice working full time at LTS before attending law school and becoming an Enrolled Agent. Dick Moore, a member of the LTS Team since 2007, also operates Richard Moore Tax Services Inc with a second office in San Marcos. Dick, an Enrolled Agent since 1979, has been a practicing tax preparer since 1973 in addition to the many CFO roles he has held. Tom Rice runs Rice Tax & Books, Inc. Tom has returned to San Diego therefore he will once again be a full time familiar face for clients. The LTS administration and reception Team is Kim Lawrence and Rhonda Abraham who work in a support capacity for the firm during our busy filing period. Attorney Sam Edwards, while not an official member of the LTS Team, continues to operate his estate planning law practice at the same location as a fellow suite member and is the other attorney in the office along with Miles. He has been a valued resource to LTS relative to the growing tax work LTS does in the areas of fiduciary, gift and estate taxation.

Pre-Scheduled Appointment Reminder: As in prior years, for those clients needing an appointment, we have pre-scheduled your appointment and plan to mail these notices to each of you based upon your prior sit down appointments history with us. Let us know by late January if you don't receive the pre-scheduled appointment letter or must change your appointment. The letter contains the date, time and preparer you are meeting with. We will call to remind you of these pre-scheduled appointments a week before your actual scheduled appointment this coming tax season.

Please let us know if you must change the appointment or would prefer to mail your tax data to LTS instead.

APPOINTMENTS AND PROCEDURES: The following is a brief review of the LTS policies with regard to setting appointments, our mail-in program, fees and billing, tax data collection sheets and/or Tax Organizer packages for tax year 2014, and our Privacy Policy.

1. *Appointments:* A hallmark feature of LTS is the popular two-hour appointment we like to schedule with our clients to perform the due diligence needed to prepare your taxes and achieve tax compliance while catching up socially with how the year went. Similar to prior tax seasons, we are scheduling client appointments Monday through Saturday starting at 8:30 AM with the last appointment scheduled no later than 6 PM. Many clients have already alerted us to their preferred time and date for the 2015 appointment. Others will receive an appointment similar to that during 2014.
2. *Mail-in Program*: Back by popular demand is our personal income tax mail-in program which allows you to mail, email or drop off your individual tax data using the attached data collection sheets or tax organizer instead of setting an appointment. If you avail yourself of this program, we are offering a discount to our fees depending upon the date you get us the tax data: If received or post-marked by February 15, 2015, the discount is 20% and by March 1, 2015, the discount is 15%.
3. *Fees & billing:* We have slightly increased some standard fees for some forms and schedules for tax year 2014 due to the new law and new schedules starting in 2014. Similar to last year we are again summarizing our fees and billing policy in the Engagement Letter we request each client to sign, date and return to LTS. Tax preparation fees are based on our minimum fee schedule that is attached to the Engagement Letter you will receive. In addition to tax preparation services, should you require tax consultation, planning or audit representation services, the fee charged will be based upon the hourly rate of the tax professional working on your case.
4. *Data Collection Sheets and/or Tax Organizer*: As part of this LTS newsletter we are including our familiar tax data collection sheets. Please fill them in and include all the documents requested on the Things to Bring List. Some clients have requested, and we have already mailed, their Tax Organizer package reflecting 2013 tax data for comparison and space to insert 2014 tax data. If you did not receive a Tax Organizer and would like one mailed to you please contact us ASAP. We appreciate clients who come prepared and organized for their tax appointment using these sheets having answered all the questionnaire queries which are essential for tax compliance.
5. *Privacy Policy:* The law prevents us from discussing your business with others without your permission. If you want us to talk or fax your info to others we require your written authorization. **WARNING:** Because Identity Theft and even IRS scams are on the rise, you should be extremely careful with your private financial information.

1099 FILING SEASON IS JANUARY: Both IRS and State agencies have penalties for late or erroneous 1099's and the 2014 tax forms require an affirmative answer, under penalty of perjury, to the question if you have met your 1099 filing requirements. 1099's are required to be filed by all payers to non-incorporated entities, including individuals, where the total payments for the year were $600 or more. January is the month to prepare and mail recipients any 1099's you must file. WORKER RECLASSIFICATION audits are also examining if someone is more properly an employee rather than an independent contractor. If you have dutifully filed 1099's on your contractors then your case is buttressed. We encourage you to file 1099's even if they are after the January deadline and may trigger a penalty. If you need help, please contact us in early January and provide your information so we can help you comply in this complicated area. Be sure to have all your contractors fill out W-9 forms and when in doubt answer the questions on an SS-8 form.

LTS WEBSITE: www.LECPROFGROUP.COM

Please periodically check out our website at www.LECProfGroup.com for copies of our mid-year email updates, annual newsletters, related tax data collection sheets, our fee schedule and the LTS Engagement Letter. The website also reports on the LTS team, appointment procedures, privacy policy, and other important information for your benefit. **ACA News**: A significant change effective with 2014 that will impact all individual returns is the ACA individual mandate. 2015 and 2016 is when the employer mandates kicks in. The ACA has introduced many new taxes and penalties in the event of non-compliance. One relates to the new penalty on employers if they reimburse employees for individual, not group, health insurance unless the benefit is taxed to the employee.