2017 Annual Federal Tax Refresher (AFTR) Course

Domain 1 – New Tax Law and Recent Updates

Domain 1 of the Annual Federal Tax Refresher (AFTR) course covers new tax law and recent updates for the 2017 filing season.

Sections in this domain include:

Domain 1 Objectives

Domain 1 of the course reviews the important tax law changes and updates. It is important for tax return preparers to review changes and updates each year in order to prepare accurate returns for taxpayers.

The objectives of Domain 1 are to:

- Identify annual inflation adjustments for filing requirements, exemption amounts, and the standard deduction
- Recognize safe harbor amounts described in Notice 2015-82
- Recall provisions made permanent by the PATH Act of 2015
- List temporary extenders included in the PATH Act of 2015
- Determine return due dates including extensions

Annual Inflation Adjustments

Each year, the Internal Revenue Service (IRS) adjusts more than 40 tax provisions, including tax rate schedules, exemption amounts, filing thresholds, and other tax changes for inflation. This helps taxpayers so they are not pushed into a higher tax bracket due to inflation.

For tax year 2016, Revenue Procedures 2015-53 and 2016-14 provides details about these adjustments.

Filing Requirements

Residents and citizens of the U.S. generally must file a tax return based upon three factors:

- Gross Income
- Filing Status
- Age

Gross income includes all income received in the form of money, goods, property, and services that is not exempt from tax. Gross income also includes income from sources outside the United States.

2016 Filing Requirements for Most Taxpayers

Filing Status	Age	Gross Income
Single	under 65	$10,350
	65 or older	$11,900
Married Filing Jointly	under 65 (both spouses)	$20,700
	65 or older (one spouse)	$21,950
	65 or older (both spouses)	$23,200
Married Filing Separately	any age	$4,050
Head of Household	under 65	$13,350
	65 or older	$14,900
Qualifying Widow(er)	under 65	$16,650
	65 or older	$17,900

Some exceptions:

- If a taxpayer can be claimed as a dependent of another, the income threshold is generally lower than gross income listed the above chart.
- Self-employed taxpayers must file a tax return (and pay SE tax) if net income is more than $400.
- Special rules apply for dependent children with investment income and taxpayers who are blind.
- If any member of the tax household was enrolled in coverage through the Health Insurance Marketplace, the coverage will be reported on Form 1095-A and a tax return must be filed to reconcile the premium tax credit.

Example: Arturo, age 67, is married and plans to file a Joint return with his wife-Clara, age 62. Arturo earned $12,000 in wages as a golf caddy. Clara received $5,000 in wages as an employee of a local animal hospital and also received $5,500 in income from her craft business, Clara's Crafts. Since their gross income ($22,500) is more than the threshold for Married Filing Jointly with one spouse over age 65 ($21,950), Arturo and Clara must file a federal tax return.

Example: Zanna, a single filer, started a holiday decoration business in November 2016. She earned $1,200 in gross income but had $300 in expenses. She did not earn any other income the entire year. Zanna is required to file a tax return even though she did not earn $10,350 in gross income because self-employed taxpayers who earn a net income of more than $400 are required to file a federal tax return and pay self-employment tax.

Personal Exemption Amounts and Limits

For tax year 2016, the personal exemption amount was raised to $4,050; however, certain phase-outs exist. The Personal Exemption Phase-out (PEP) reduces both the personal and dependency exemptions by 2% for each $2,500 that adjusted gross income (AGI) exceeds the thresholds established for each filing status.

For 2016, the Personal Exemption Phase-out (PEP) begins at the following AGI amounts:

- Married Filing Separately $155,650
- Single $259,400
- Head of Household $285,350
- Married Filing Jointly $311,300
- Qualifying Widow(er) $311,300

If AGI exceeds threshold amounts, use the **Worksheet for Determining the Deduction for Exemptions** (*Publication 501*).

Example: Pierre and Marie are married, have two children, and file as Married Filing Jointly. Their AGI for 2016 is $351,300. Since their AGI exceeds the threshold amount for their filing status, they are subject to a reduced exemption amount. Their AGI exceeds the exemption amount by $40,000 ($351,300 - $311,300) which is then divided by $2,500 ($40,000 ÷ $2,500) to arrive at 16. Multiplying the factor of 16 by 2% gives the rate of reduction for their exemptions of 32% (16 x 2%). Their original exemption amount for four exemptions was $16,200 (4,050 x 4). Pierre and Marie's exemptions will be reduced by 32% of $16,200 or $5,184. Due to the phase-out, their allowable exemption amount is $11,016.

Deductions from AGI

For 2016, the standard deduction stays the same for single taxpayers ($6,300), married taxpayers filing jointly ($12,600) qualifying widow(er) ($12,600), and taxpayers filing as married filing separately ($6,300). Taxpayers who file as Head of Household have an increased standard deduction for 2016 and may deduct $9,300 as their standard deduction. The standard deduction amount might be increased for taxpayers who are blind or age 65 or older. Alternatively, taxpayers who can be dependents of another will have a reduction in their standard deduction.

The additional standard deduction for individuals 65 years or older, or blind, is:

- $1,550 for taxpayers filing Single
- $1,550 for taxpayers filing Head of Household
- $1,250 for taxpayers filing either Married Filing Jointly or as Qualifying Widow(er)

The standard deduction for a dependent is the greater of:

- $1,050 or
- Sum of earned income and $350 (up to $6,300)

Taxpayers who elect to itemize deductions rather than using the standard deduction might have a reduced deduction with the Pease limitation. This limitation reduces the total of itemized deductions for high-income taxpayers.

Pease Limitation

The Pease limitation, a limit on itemized deductions, affects high-income taxpayers, with phase-outs beginning with an AGI of:

- $155,650 for taxpayers filing Married Filing Separately
- $259,400 for taxpayers filing Single
- $285,350 for taxpayers filing as Head of Household
- $311,300 for taxpayers filing either Married Filing Jointly or as Qualifying Widow(er)

If it is determined a taxpayer's itemized deductions are subject to the Pease limitation, the total of itemized deductions is limited by the smaller of:

- 80% of itemized deductions that are affected by the limit (See Publication 17)
- 3% of the amount by which AGI exceeds threshold amount.

The Pease limitation applies only to certain itemized deductions. It does not apply to the medical expense deduction, the investment interest deduction, or casualty, theft, or gambling loss deductions.

Example: Norah is single with no children or dependents. Her AGI for 2016 was $289,400, which exceeds the threshold amount for her filing status of single. Therefore, she might be subject to a limitation on her itemized deductions. Her AGI exceeds the threshold amount for her filing status by $30,000 ($289,400 - $259,400). Her itemized deductions might be reduced by $900 (3% x $30,000) or 80% of her itemized deductions-whichever is smaller.

Repair Regulations - Safe Harbor Amount

Tangible Property Regulations

Traditionally, the IRS has required that amounts paid to acquire, produce, or improve tangible property be capitalized and depreciated over the useful life of the asset [Section 263(a)]. Taxpayers pushed the IRS for a variance that would allow the purchase price of lower cost assets be deducted in the year of purchase just as other ordinary and necessary expenses incurred in the current year (Section 162).

In 2013, the final tangible regulations were issued to give taxpayers the framework to determine whether certain costs are deductible in the current tax year or must be capitalized over the life of the asset. These final regulations included a *de minimis* safe harbor permitting taxpayers to elect to deduct certain expenditures that would otherwise have to capitalize for the purchase of tangible property (including materials and supplies).

Safe Harbor Thresholds

According the 2013 final regulations, a taxpayer could deduct certain expenditures immediately rather than capitalize the expenditures if the taxpayer:

- Has an accounting policy as of the beginning of the tax year to expense (for non-tax purposes) amounts paid for property costing less than a specified dollar amount, or amounts paid for property with an economic useful life of 12 months or less, and

- Follows that policy in its books and records.

Taxpayers with a written applicable financial statement, AFS, the threshold amount the *de minimis* safe harbor is $5,000 per invoice or item.

Taxpayers without an AFS could deduct up to $500 per invoice or item.

Notice 2015-82

After the final regulations were issued in 2013, the IRS received feedback suggesting the $500 threshold (for taxpayers without an AFS) was too low to reduce the administrative burden of compliance with capitalization requirements for lower expenditures for small businesses.

In November 2015, the IRS released Notice 2015-82 which increased the *de minimis* safe harbor limit for businesses without an AFS from $500 to $2,500 per item or invoice. The new *de minimis* amounts applies to costs for tax years beginning January 1, 2016.

For tax years beginning before January 1, 2016, the IRS will not examine the issue of whether a taxpayer without an AFS deducted $2,500 or less per invoice or item as long as all the other requirements are met.

Example: Charlotte is the sole proprietor of Event Planning Plus. Charlotte does not have an applicable financial statement for her business. In February 2016, Charlotte purchased three laptop computers for $1,000 each and each is listed on a separate invoice.

For 2016, Charlotte may elect the *de minimis* safe harbor and deduct the cost of each of the computers on her 2016 tax return.

<u>Treas. Reg. §1.263(a)-1(f) De Minimis Safe Harbor Election Frequently Asked Questions</u>

What is the purpose of this election?

To expense small capital purchases.

What are *de minimis* expenditures for certain small capital assets?

This regulation has two categories of taxpayers, those with applicable financial statements and all other taxpayers. The *de minimis* amount for taxpayers with applicable financial statements is $5,000, and the *de minimis* amount for other taxpayers is $500. If a taxpayer has an applicable financial statement the $5,000 applies to the taxpayer even if taxpayer has other nonapplicable financial statements.

What are the requirements to make this election?

- Taxpayers with applicable financial statement
  - The taxpayer has at the beginning of the taxable year written accounting procedures treating as an expense for non-tax purposes—
    - Amounts paid for property costing less than a specified dollar amount; or
    - Amount paid for property with an economic useful life of 12 months or less
  - Taxpayer treats amount paid for property as an expense on its applicable financial statements in accordance with the written accounting procedures.
  - The amount paid for the property does not exceed $5,000 per invoice (or per item as
  - Substantiated by the invoice) – see “What are the rules for determining cost” below.
- Taxpayer without applicable financial statements (non-qualifying financial statements) (note: for this section the Regulation does not specify written)
  - The taxpayer has at the beginning of the taxable year accounting procedures treating as an expense for non-tax purposes—
    - Amounts paid for property costing less than a specified dollar amount, or
    - Amounts paid for property with an economic useful life of 12 months or less
  - The taxpayer treats the amount paid for the property as an expense on its books and records in accordance with these accounting procedures; and
  - The amount paid for the property does not exceed $500 per invoice (or per item as substantiated by the invoice) - see “What are the rules for determining cost” below.

What items are not included in this election?

Not included are:

- Amount paid for new buildings or permanent improvements or betterments made to increase the value of any property or estate
- Any amount paid in restoring property or in making good the exhaustion for which an allowance has been made.
- Inventory
- Land
- Rotable, temporary, and standby emergency spare parts that taxpayer elects to capitalize and depreciate.
- Rotable, temporary, and standby emergency spare parts that taxpayer accounts for under the optional method.

What are the rules for determining cost?

The cost of tangible personal property only includes the cost on the invoice; it does not include the cost of acquiring the property if the cost is not on the invoice. If the cost per item is broken down on the invoice by assets, then each asset is considered separately, if the cost is not broken down by asset, then the entire cost on the invoice is the amount subject to the *de minimis* amount. Costs of acquiring the property that are included on the invoice are allocated to the assets on the invoice using a reasonable method.

For example: taxpayer with non-qualifying financial statement receives invoice for 5 computers at $400.00 each totaling $2,000.00, plus shipping and taxes of $250.0, for a total invoice cost of $2,250.00. The taxpayer could determine the cost of each computer to be $450.00 which is less than $500.00 and would be required to expense all five computers. On the other hand if taxpayer received an invoice for $2,250.00 for computers (without the breakdown of how many computers) the taxpayer would be required to capitalize this purchase.

What are other effects of this election?

Taxpayer must also apply *de minimis* safe harbor to amounts paid for materials and supplies. Refer to Reg. §1.162-3 Materials and Supplies.

What are the implications of this election?

The temporary regulations limited the materials and supplies expense amount to $100 with a useful life of 12 months or less. The final regulations increased the $100 to $200. It appears that this election will increase the limit to agree with the *de minimis* amount of this regulation which is the $500/$5,000 amount.

When is election made?

This election is an annual election filed with the tax return.

How does the taxpayer make this election?

A taxpayer makes the election by attaching a statement to the taxpayer's timely filed original Federal tax return (including extensions) for the taxable year in which these amounts are paid. The statement must be titled “Section 1.263(a)-1(f) *de minimis* safe harbor election” and include the taxpayer's name, address, taxpayer identification number, and a statement that the taxpayer is making the *de minimis* safe harbor election under §1.263(a)-1(f).

Is a Form 3115, change in accounting method filed, and what are the concerns if it is not filed?

It appears that unless this election requires a § 446 or 481 adjustment, a change in accounting method is not required. For example if taxpayer elected early application of this election and it resulted in an adjustment of prior years' income

Treas. Reg. §1.263(a)-3(h) Amounts Paid to Improve Tangible Property Frequently Asked Questions

What is the purpose of this election?

To expense building improvements if the total of improvements, repairs, maintenance, and similar activities for a building are the lesser of: 2% of the unadjusted basis of the property, or $10,000. **Note:** If the total of the improvements, repairs maintenance, and similar activities are greater than the lesser of 2% of unadjusted basis or $10,000 this election is not available for that building.

What are the requirements to make this election?

Taxpayers qualify for this election if:

- Average gross receipts for the three preceding years is less than or equal to $10,000,000.00, If taxpayer has been in business for less than three years, the taxpayer determines its average annual gross receipts for the number of taxable years (including short taxable years) that the taxpayer (or its predecessor) has been in existence.

- Building is eligible if unadjusted basis is $1,000,000 or less.
  Note: it appears that if qualified taxpayer has multiple buildings, each building with a basis of $1,000,000 or less would qualify under this election.

What are the rules for determining gross receipts?

The term gross receipts means the taxpayer's receipts for the taxable year that are properly recognized under the taxpayer's method of accounting used for Federal income tax purposes for the taxable year. Gross receipts include total sales (net of returns and allowances) and all amounts received for services. In addition gross receipts include any income from investments and from incidental or outside sources. For example, gross receipts include interest (including original issue discount and tax-exempt interest), dividends, rents, royalties, and annuities. Gross receipts are not reduced by cost of goods sold, however, for some assets gross receipts are reduced by adjusted basis.

How does taxpayer make this election?

This election is made on a timely filed tax return (including extensions) by attaching the following statement “Section 1.263(a)-3(h) Safe Harbor Election for Small Taxpayers” and include the taxpayer's name, address, taxpayer identification number, and a description of each eligible building property to which the taxpayer is applying the election.

What are other effects of this election?

Amounts paid for repairs, maintenance, improvements, and similar activities performed on eligible building property include those amounts not capitalized under the *de minimis* safe harbor election under Reg. §1.263(a)-1(f) and those amounts deemed not to improve property under the safe harbor for routine maintenance.

When is election made?

This election is made with a timely filed (including extensions) tax return.

Treas. Reg. §1.263(a)-3(n) To Capitalize Repair and Maintenance Frequently Asked Questions

What is the purpose of this election?

This allows the taxpayer to treat amounts paid during the taxable year for repair and maintenance to tangible property as amounts paid to improve that property and depreciated accordingly.

What are the requirements to make this election?

Taxpayers attach a statement to a timely filed (including extensions) original tax return for the year the taxpayer pays the amounts included in this section of the regulation. The statement is titled “Section 1.263(a)-3(n) Election” and include the taxpayer’s name, address, taxpayer identification number, and a statement that the taxpayer is making the election to capitalize repair and maintenance costs under §1.263(a)-3(n). An election is not made through the filing of an application for change in accounting method.

What items are not included in this election?

Not included in this election are rotable or temporary spare parts to which the taxpayer applies the optional method of accounting for rotable and temporary spare parts under Reg. §1.162-3(e).

Is a Form 3115, change in accounting method filed?

This Reg. is §1.263(a)-3(g) Accounting method change, which provides: except as otherwise provided in this section, a change to comply with this section is a change in the method of accounting which requires the filing of Form 3115 (or similar statement)

PATH Act of 2015

In December 2015, President Obama signed into law the Protecting Americans from Tax Hikes Act of 2015 (PATH Act). The PATH Act of 2015 extends or makes permanent over 50 separate provisions that had expired or were set to expire at the end of 2015.

Many of these tax provisions had been repeatedly extended over the past decade. Unlike the past tax extenders many of the provisions in the PATH Act were permanently renewed.

Some of the provisions that were made permanent include:

- Qualified Charitable Distributions from IRA to Charity
- State and Local Sales Tax Deduction
- American Opportunity Tax Credit
- Child Tax Credit reduced threshold
- Section 179 Expansion
- Above-the-Line Deduction for Educators
- Increased Earned Income Tax Credit (EITC) Amounts

Along with the permanent provisions of the PATH Act of 2015, some items were only extended through the end of 2016.

Some of temporary provisions include:

- Exclusions of Discharged Mortgage Debt on Short Sale
- Deduction of Mortgage Insurance Premiums
- Adjustment for Qualified Tuition and Fees
- Fifty-percent Bonus Depreciation (through 2019)

Due Date and Extensions

Return Due Dates

Individual tax returns are due the fifteenth day of the fourth month after the close of the tax year, deeming April 15 as the due date for taxpayers using the calendar year. If the due date falls on a Saturday, Sunday, or legal holiday, the due date is then delayed until the next business day. For tax year 2016, individual tax returns will be due on April 18, 2017 due to April 15, 2017 falling on Saturday and the observance of Emancipation Day in Washington, D.C. on Monday, April 17, 2017.

If a U.S. citizen or resident has a main place of business located outside of the United States or Puerto Rico, he or she is allowed an automatic extension until June 15 to file and pay tax that is due. This also applies to members of the military stationed outside the United States or Puerto Rico. If taxpayers use an automatic extension, a statement must be attached to the return showing the requirements were met for the extension.

Returns should be filed when they are due. Failure to file can be costly, and a delay in filing may result in a late penalty and interest charges.

Extensions

If more time is needed to file a return, a taxpayer might be able to get an automatic six-month extension by filing Form 4868 no later than the return due date; however, the extension of time to file does not extend the time to pay tax due. If the tax due is not paid by the original return due date, interest and penalties could be charged.

October 15 is the final due date for all calendar year returns that have been extended.

Example: Gary and Patricia needed more time to file their 2016 federal tax return. On April 10, 2017, they filed Form 4868 for an automatic six-month extension of time to file. Since they expected to have a balance due of $500 with their tax return, they remitted that amount with the extension filed in April because Form 4868 does not extend the time to pay tax, only the time to file.

Skill Check Domain 1

1. For 2016, the exemption amount is ________________.

   a. $4,050

   b. $3,500

   c. $4,000

   d. $4,100

2. Exemption amounts could be phased out for taxpayers _____________.

   a. Who file as Married Filing Jointly.

   b. With AGI amounts above threshold amounts.

   c. With more than six exemptions.

   d. Taking itemized deductions.

3. Which of the following taxpayers would not have to file a 2016 federal tax return, assuming none are blind?

   a. Izzy, age 40, is a single mother with two dependent children. She earned $10,000 in wages in 2016. Izzy also purchased health coverage through the marketplace and received Form 1095-A in January 2016.

   b. Mark, age 42, is self-employed. In 2016, he netted $2,000 from his business. If he files, his filing status would be single.

   c. Callie, age 22, is single and earned $11,000 in wages in 2016.

   d. Derrick, age 70, and Meredith, age 60 are married and file a joint tax return. Their gross income in 2016 is $21,000.

4. In 2016, the standard deduction was increased for which of the following?

   a. Single Filers

   b. Taxpayers who file as Head of Household

   c. Married Taxpayers Filing Jointly

   d. Qualifying Widows

5. According to IRS Notice 2015-82, what is the *de minimis* safe harbor limit per item or invoice for 2016 businesses without an AFS?

   a. $500

   b. $2500

   c. $5000

   d. $50,000

6. Which of the following provisions were not made permanent by the PATH Act of 2015?

   a. The American Opportunity Tax Credit

   b. State and local sales tax deduction

   c. Educators expense deduction

   d. Mortgage insurance premium deduction

7. Taxpayers who expect to pay tax, but need more time to file their tax returns, should do what?

   a. File Form 4868 before the return's due date

   b. File Form 4684 after the deadline has passed

   c. Do nothing

   d. File Form 4684 before the return's due date

8. April 15, 2017 falls on a Saturday, therefore 2016 individual tax returns will be due:

a. April 15, 2017

b. April 14, 2017

c. April 17, 2017

d. April 16. 2017

Skill Check Domain 1 – Answer Key

1. For 2016, the exemption amount is ________________.

   a. $4,050

      Correct! The exemption amount for 2016 is $4,050.

   b. $3,500

      Incorrect. The exemption amount for 2016 is $4,050.

   c. $4,000

      Incorrect. The exemption amount for 2016 is $4,050

   d. $4,100

      Incorrect. The exemption amount for 2016 is $4,050.

2. Exemption amounts could be phased out for taxpayers _____________.

   a. Who file as Married Filing Jointly.

      Incorrect. Phase-outs are not determined on filing status alone, and all taxpayers regardless of filing status could have exemptions limited due to higher income amounts.

   b. With AGI amounts above threshold amounts.

      Correct! Exemption amounts are phased out for high-income taxpayers. Phase-outs begin at an AGI of $155,650.

   c. With more than six exemptions.

      Incorrect. Taxpayers are not limited in the number of exemptions that may be taken.

   d. Taking itemized deductions.

      Incorrect. Exemption phase-outs are not dependent upon whether the taxpayers subtract the standard deduction or itemize deductions.

3. Which of the following taxpayers would not have to file a 2016 federal tax return, assuming none are blind?

a. Izzy, age 40, is a single mother with two dependent children. She earned $10,000 in wages in 2016. Izzy also purchased health coverage through the marketplace and received Form 1095-A in January 2016.
Incorrect. Even though Izzy's gross income is lower than the filing requirement threshold, she must file a tax return because she received Form 1095-A.

b. Mark, age 42, is self-employed. In 2016, he netted $2,000 from his business. If he files, his filing status would be single.

Incorrect. Mark would be required to file a 2016 federal tax return because self-employed taxpayers with a net income more than $400 are required to file.

c. Callie, age 22, is single and earned $11,000 in wages in 2016.

Incorrect. Callie is required to file a 2016 return because her income exceeds the filing threshold for a single filer under age 65 ($10,350).

d. Derrick, age 70, and Meredith, age 60 are married and file a joint tax return. Their gross income in 2016 is $21,000.

Correct! Derrick and Meredith would not be required to file a tax return because their income is below the filing threshold for married filing joint taxpayers with one spouse over age 65 ($21,950).

4. In 2016, the standard deduction was increased for which of the following?

a. Single Filers

Incorrect. The standard deduction for a single taxpayers remains the same for 2016 at $6,300.

b. Taxpayers who file as Head of Household

Correct. Taxpayers filing as Head of Household have an increased standard deduction for 2016 at $9,300.

c. Married Taxpayers Filing Jointly

Incorrect. The standard deduction for taxpayers filing as married filing jointly remains the same for 2016 at $12,600.

d. Qualifying Widows

Incorrect. The standard deduction for a qualifying widow remains the same for 2016 at $12,600.

5. According to IRS Notice 2015-82, what is the *de minimis* safe harbor limit per item or invoice for 2016 businesses without an AFS?

a. $500

Incorrect. The *de minimis* safe harbor limit before Notice 2015-82 was $500.

b. $2500

Correct! The *de minimis* safe harbor limit for businesses without an AFS is $2,500 per item or invoice.

c. $5000

Incorrect. Businesses that do have an AFS have a *de minimis* safe harbor limit of $5,000 per item of invoice for 2016.

d. $50,000

Incorrect. The *de minimis* safe harbor limit for businesses without an AFS is $2,500 per item or invoice.

6. Which of the following provisions were not made permanent by the PATH Act of 2015?

a. The American Opportunity Tax Credit

Incorrect. The American Opportunity Tax Credit was made permanent by the PATH Act of 2015.

b. State and local sales tax deduction

Incorrect. The state and local sales tax deduction was made permanent by the PATH Act of 2015.

c. Educators expense deduction

Incorrect. The above-the-line deduction for educator's expense was made permanent by the PATH Act of 2015.

d. Mortgage insurance premium deduction

Correct! The mortgage insurance premium deduction was extended through the end of 2016 by the PATH Act of 2015, but was not made permanent.

7. Taxpayers who expect to pay tax, but need more time to file their tax returns, should do what?

a. File Form 4868 before the return's due date

Correct. Taxpayers who need more time to file should file Form 4868 no later than the return due date for an automatic six-month extension of time to file.

b. File Form 4684 after the deadline has passed

Incorrect. Form 4684 is used to report Casualties and Thefts.

c. Do nothing

Incorrect. In order to receive a six-month extension of time to file, taxpayers must file Form 4868.

d. File Form 4684 before the return's due date

Incorrect. Form 4684 is used to report Casualties and Thefts.

8. April 15, 2017 falls on a Saturday, therefore 2016 individual tax returns will be due:

a. April 15, 2017

Incorrect. If the deadline of April 15 falls on a Saturday, Sunday, or legal holiday, the due date is delayed to the next business day.

b. April 14, 2017

Incorrect. If the deadline of April 15 falls on a Saturday, Sunday, or legal holiday, the due date is delayed to the next business day.

c. April 17, 2017

Correct! If the deadline of April 15 falls on a Saturday, Sunday, or legal holiday, the due date is delayed to the next business day, April 17, 2017 for 2016 returns.

d. April 16, 2017

Incorrect. If the deadline of April 15 falls on a Saturday, Sunday, or legal holiday, the due date is delayed to the next business day. April 16, 2017 is a Sunday.