Do you help your favorite charity with more than just money? Although you cannot deduct the value of your volunteer services, you are entitled to a charitable deduction of your out-of-pocket expenses. Of course, the other usual rules for charitable deductions, including the recordkeeping requirements, still apply.

What sort of expenses are we talking about? Here is a partial list that may be claimed by charitable volunteers.

**Travel expenses**: Generally, you can claim a deduction for travel expenses incurred away from home while performing services for a charity, as long as there is no significant element of personal pleasure, recreation or vacation in the travel. This includes the following:
- air, rail and bus transportation;
- expenses for your vehicle;
- taxi fares and other transportation costs; and
- meals and lodging.

Because these travel expenses are not business related, they are not subject to the same limits as business expenses. For instance, you can normally deduct only 50% of the cost of business meals.

If you drive your own vehicle on behalf of a charity, you may deduct your expenses based on detailed records or use the IRS-approved flat rate. Set statutorily, the flat rate for 2017 is 14 cents per mile—the same as it has been for years.

**Entertainment**: If you host a fund-raising event at your home, all your unreimbursed expenses are deductible. As with travel expenses, the usual 50% limit on entertainment and meal costs does not apply to these charitable events.

**Telephone expenses**: Specific charges for long-distance landline calls, cellphone calls and faxes incurred for charitable purposes are deductible. In addition, you may deduct the cost of installing a separate line used strictly for charity-related calls.

**Conventions**: When you attend a convention as a charity’s designated representative, you may be able to deduct unreimbursed travel expenses. This includes reasonable costs of meals and lodging at the convention.
Uniforms: The initial cost and maintenance of a uniform that is not “suitable for everyday wear” is deductible if used when performing charitable services (e.g., uniforms of Boy Scout or Girl Scout troop leaders).

Underprivileged youths: You can deduct reasonable unreimbursed expenses paid to allow underprivileged youths to attend athletic events, movies or dinners if the youths are selected by a charitable organization as a means of reducing juvenile delinquency. But your own expenses are nondeductible.

Remember that detailed recordkeeping is critical – be prepared to prove your expenses in case the IRS ever challenges your deduction. Remember your KOS Tax Advisor is happy to answer any questions you have.

SAVE THE DATE
Fifth Annual KOS Women’s Professional Empowerment Event
Thursday, September 28th - 8:00-10:30

Come learn from three dynamic women who enable effective leadership, inspire, and help people gain focus.

Katrina Calihan – Leadership Coach
Tammy Cook – Business/Life Coach
Lee Ann Piano – Corporate Trainer

Chevy Chase Country Club
1000 N. Milwaukee Avenue, Wheeling, IL
Breakfast Buffet Will Be Served
Cost: Free

Contact Diana Spatoulas
847.580.4100 or events@koscpa.com

KOS is hiring for Winter 2018!

We are actively seeking exceptional candidates for the following positions:

Tax Interns to work next busy season, February to April 15, 2018.

KOS will be on-campus during the month of September for interviews and attending career fairs at the following schools: University of Illinois at Chicago (UIC), Northern Illinois University (NIU), DePaul, Illinois State University (ISU), and College of Lake County.

Tell your friends, networks and college age kids to spread the word and check out KOS for a career in accounting.
Visit www.koscpa.com/careers for more information and apply online!

News Briefs

A Tax Credit Back in Session
If your young children are going back to school soon, you may need to pay someone for after-school care, especially if both you and your spouse work. However, there is a silver tax lining - you may qualify for the dependent care credit. This credit is available for childcare costs for children under 13 years of age. Generally, the maximum credit is $600 for one child or $1,200 for two or more children, although low-income families may be entitled to a higher amount.

Donating to Charity the Right to Use Your Vacation Home
Charities such as schools and religious organizations often use vacation homes as door or raffle prizes for dinners, galas or auctions they sponsor to raise funds for their activities. If you provided use of your home to the charity, you don’t get a charitable deduction because you gave only a partial interest in the property. In addition, there is no deduction for the winning bidder unless the charity received more from the winning bidder than the place is worth when awarding use of the home.
Being self-employed has its advantages and disadvantages. As the person in charge of your business affairs, you can set your own schedule and generally have more flexibility than someone in a 9-to-5 job. On the other hand, you are fully responsible for the bottom line, often with little or no backup to rely on.

What about taxes? There are a number of special considerations for self-employed individuals.

Generally, you are required to file an annual return and pay your tax liability in quarterly installments, as opposed to regular employees who have these amounts withheld from their paychecks. This includes requirements to pay both income tax and self-employment tax, the equivalent of federal payroll taxes owed by employees.

The amount of tax you owe depends on your self-employment income. Essentially, this is the business income minus your expenses, used to determine your profit or loss. If you show a profit, you owe income tax and self-employment tax on the amount. Conversely, you may be able to deduct a loss against your other income for the year, subject to certain rules and limits.

For 2017, the rate for self-employment tax is 15.3% on the first $127,200 of self-employment income and 2.9% on self-employment income above that annual base. This is double the rate for regular employees, but half the self-employment tax you pay for the year is deductible on your personal tax return.

The quarterly due dates for paying tax throughout the year are the same as the due dates for other taxpayers such as retirees. These dates are:

- April 15 for the first quarter;
- June 15 for the second quarter;
- September 15 for the third quarter; and
- January 15 of the following year for the fourth quarter.

Note: If the due date falls on a weekend or holiday, it is moved to the next business day.

In addition to these basic tax requirements, self-employed individuals may realize certain tax benefits. For instance, if you work out of your home, as many self-employed individuals do, you may qualify for home office deductions because the home is the principal place of your business. This enables you to write off expenses directly related to your home office plus a portion of other home expenses—such as utilities, repairs and insurance—based on the business percentage use of the home. Regular employees who work from home at night and on weekends typically do not qualify for this deduction.

Similarly, if you use a vehicle to drive to and from business activities, you may deduct costs relating to the vehicle, based on the business percentage use. Be aware that there are strict recordkeeping rules and other restrictions in this area, but vehicle deductions can result in significant tax benefits if you toe the line.

Finally, you could claim other tax breaks available to other businesses, including deductions for your “ordinary and necessary” business expenses. Again, special rules and limits may apply.

This is only a general overview of some common tax aspects for self-employed individuals. Contact your KOS Tax Advisor for more detailed assistance regarding your particular situation.
The Internal Revenue Service warned people to beware of a new scam linked to the Electronic Federal Tax Payment System (EFTPS), where fraudsters call to demand an immediate tax payment through a prepaid debit card. This scam is being reported across the country, so taxpayers should be alert to the details.

In the latest twist, the scammer claims to be from the IRS and tells the victim about two certified letters purportedly sent to the taxpayer in the mail but returned as undeliverable. The scam artist then threatens arrest if a payment is not made through a prepaid debit card. The scammer also tells the victim that the card is linked to the EFTPS system when, in fact, it is entirely controlled by the scammer. The victim is also warned not to contact their tax preparer, an attorney or their local IRS office until after the tax payment is made.

“This is a new twist to an old scam,” said IRS Commissioner John Koskinen. “Just because tax season is over, scams and schemes do not take the summer off. People should stay vigilant against IRS impersonation scams. People should remember that the first contact they receive from IRS will not be through a random, threatening phone call.”

EFTPS is an automated system for paying federal taxes electronically using the Internet or by phone using the EFTPS Voice Response System. EFTPS is offered free by the U.S. Department of Treasury and does not require the purchase of a prepaid debit card. Since EFTPS is an automated system, taxpayers won’t receive a call from the IRS. In addition, taxpayers have several options for paying a real tax bill and are not required to use a specific one.

**Tell Tale Signs of a Scam**
The IRS (and its authorized private collection agencies) will never:
- Threaten to immediately bring in local police or other law-enforcement groups to have the taxpayer arrested for not paying.
- Demand that taxes be paid without giving the taxpayer the opportunity to question or appeal the amount owed.
- Ask for credit or debit card numbers over the phone.

For anyone who doesn’t owe taxes and has no reason to think they do:
- Do not give out any information. Hang up immediately.
- Contact the Treasury Inspector General for Tax Administration to report the call. Use their IRS Impersonation Scam Reporting web page. Alternatively, call 800-366-4484.
- Report it to the Federal Trade Commission. Use the FTC Complaint Assistant on FTC.gov. Please add "IRS Telephone Scam" in the notes.

For anyone who owes tax or thinks they do:
- View your tax account information online at IRS.gov to see the actual amount you owe. You can then also review your payment options.
- Call the number on the billing notice, or
- Call the IRS at 800-829-1040. IRS workers can help.

The IRS does not use email, text messages or social media to discuss personal tax issues, such as those involving bills or refunds. For more information, visit the “**Tax Scams and Consumer Alerts**” page on IRS.gov. Additional information about tax scams is available on IRS social media sites, including YouTube videos.