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Advisory ● Tax ● Accounting

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FIVE WAYS TO SET YOURSELF UP FOR A SECURE RETIREMENT

About 10,000 Baby Boomers will turn age 65 every day until around the year 2030. If you're part of that group, or if you're planning ahead for a comfortable retirement, here's some advice for securing your financial future.

http://www.moneymattersnj.com/story.cfm?SID=15889

Source: e-CPA, 4/7/14

FOUR THINGS YOU SHOULD KNOW IF YOU BARTER

Bartering is the trading of one product or service for another. Often there is no exchange of cash. Small businesses sometimes barter to get products or services they need. For example, a plumber might trade plumbing work with a dentist for dental services.

If you barter, you should know that the value of products or services from bartering is taxable income. Here are four facts about bartering:

- Barter exchanges. A barter exchange is an organized marketplace where members barter products or services. Some exchanges operate out of an office and others over the Internet. All barter exchanges are required to issue Form 1099-B, Proceeds from Broker and Barter Exchange Transactions. The exchange must give a copy of the form to its members who barter and file a copy with the IRS.

- Bartering income. Barter and trade dollars are the same as real dollars for tax purposes and must be reported on a tax return. Both parties must report as income the fair market value of the product or service they get.

- Tax implications. Bartering is taxable in the year it occurs. The tax rules may vary based on the type of bartering that takes place. Barterers may owe income taxes, self-employment taxes, employment taxes or excise taxes on their bartering income.

- Reporting rules. How you report bartering on a tax return varies. If you are in a trade or business, you normally report it on Form 1040, Schedule C, Profit or Loss from Business.

For more information, see the Bartering Tax Center in the business section on IRS.gov.

Source: IRS Tax Tip 2014-26, 3/5/14

FACTS ABOUT CAPITAL GAINS AND LOSSES

When you sell a 'capital asset,' the sale usually results in a capital gain or loss. A 'capital asset' includes most property you own and use for personal or investment purposes. Here are facts from the IRS on capital gains and losses:

- Capital assets include property such as your home or car. They also include investment property such as stocks and bonds.

- A capital gain or loss is the difference between your basis and the amount you get when you sell an asset. Your basis is usually what you paid for the asset.

- You must include all capital gains in your income. Beginning in 2013, you may be subject to the Net Investment Income Tax. The NIIT applies at a rate of 3.8% to certain net investment income of individuals, estates, and trusts that have income above statutory threshold amounts. For details see IRS.gov/aca.

- You can deduct capital losses on the sale of investment property. You can't deduct losses on the sale of personal-use property.

- Capital gains and losses are either long-term or short-term, depending on how long you held the property. If you held the property for more than one year, your gain or loss is long-term. If you held it one year or less, the gain or loss is short-term.

- If your long-term gains are more than your long-term losses, the difference between the two is a net long-term capital gain. If your net long-term capital gain is more than your net short-term capital loss, you have a 'net capital gain.'

- The tax rates that apply to net capital gains will usually depend on your income. For lower-income individuals, the rate may be zero percent on some or all of their net capital gains. In 2013, the maximum net capital gain tax rate increased from 15 to 20 percent. A 25 or 28 percent tax rate can also apply to special types of net capital gains.

- If your capital losses are more than your capital gains, you can deduct the difference as a loss on your tax return. This loss is limited to $3,000 per year, or $1,500 if you are married and file a separate return.

- If your total net capital loss is more than the limit you can deduct, you can carry over the losses you are not able to deduct to next year's tax return. You will treat those losses as if they happened that year.

Source: IRS Tax Tip 2014-27, 3/6/14

FIVE PAYROLL TAX MISTAKES TO AVOID

If you have at least one employee, you're responsible for payroll taxes. These include withholding federal (and, where appropriate, state) income taxes and FICA tax from employees' wages as well as paying the employer share of FICA tax and federal and state unemployment taxes. The responsibility is great and the penalties for missteps make it essential that you do things right.

http://www.sba.gov/community/blogs/5-payroll-tax-mistakes-avoid

Source: Small Business Administration Update, 2/23/14

TEN WAYS TO MAXIMIZE YOUR HOME OFFICE FOR PRODUCTIVITY

If you run one of the 14+ million home-based small businesses in the United States, congratulations. You've got lower overhead, a shorter commute and the opportunity to be more productive than your office-based competitors. Here are 10 ways to ensure you're set up for success in your home office.

http://www.sba.gov/community/blogs/10-ways-maximize-your-home-office-productivity

Source: Small Business Administration Update, 3/16/14

MANY TAX-EXEMPT ORGS MUST FILE WITH IRS BY 5/15 TO PRESERVE TAX-EXEMPT STATUS

Form 990-series information returns and notices are due on the 15th day of the fifth month after an organization's fiscal year ends. Many organizations use the calendar year as their fiscal year, making Thursday, May 15 the deadline for them to file for 2013.

Many Groups Risk Loss of Tax-Exempt Status

By law, organizations that fail to file annual reports for three consecutive years will see their federal tax exemptions automatically revoked as of the due date of the third required filing. The Pension Protection Act of 2006 mandates that most tax-exempt organizations file annual Form 990-series informational returns or notices with the IRS. The law, which went into effect at the beginning of 2007, also imposed a new annual filing requirement on small organizations. Churches and church-related organizations are not required to file annual reports.

What to File

Small tax-exempt organizations with average annual receipts of $50,000 or less may file an electronic notice called a Form 990-N (e-Postcard), which asks organizations for a few basic pieces of information. Tax-exempt organizations with average annual receipts above $50,000 must file a Form 990 or 990-EZ depending on their receipts and assets. Private foundations file a Form 990-PF. Organizations that need additional time to file a Form 990, 990-EZ or 990-PF may obtain an extension. Note that no extension is available for filing the Form 990-N (e-Postcard).

Source: IRS Newswire, 4/29/14

TEN THINGS TO KNOW ABOUT IRS NOTICES AND LETTERS

Each year, the IRS sends millions of notices and letters to taxpayers for a variety of reasons. Here are ten things to know in case one shows up in your mailbox.

- Don't panic. You often only need to respond to take care of a notice.
- There are many reasons why the IRS may send a letter or notice. It typically is about a specific issue on your federal tax return or tax account. A notice may tell you about changes to your account or ask you for more information. It could also tell you that you must make a payment.
- Each notice has specific instructions about what you need to do.
- You may get a notice that states the IRS has made a change or correction to your tax return. If you do, review the information and compare it with your original return.
- If you agree with the notice, you usually don't need to reply unless it gives you other instructions or you need to make a payment.
- If you do not agree with the notice, it's important for you to respond. You should write a letter to explain why you disagree. Include any information and documents you want the IRS to consider. Mail your reply with the bottom tear-off portion of the notice. Send it to the address shown in the upper left-hand corner of the notice. Allow at least 30 days for a response.
- You shouldn't have to call or visit an IRS office for most notices. If you do have questions, call the phone number in the upper right-hand corner of the notice. Have a copy of your tax return and the notice with you when you call. This will help the IRS answer your questions.
- Keep copies of any notices you receive with your other tax records.
- The IRS sends letters and notices by mail. We do not contact people by email or social media to ask for personal or financial information.
- For more on this topic visit IRS.gov. Click on the link 'Responding to a Notice' at the bottom left of the home page. Also, see Publication 594, The IRS Collection Process. You can get it on IRS.gov or by calling 800-TAX-FORM (800-829-3676).

Source: IRS Tax Tip, 4/22/14

TIPS FOR MANAGING MONEY

Making financial decisions can be confusing and overwhelming, to the point that you do nothing to prepare for your financial future. But this Financial Literacy Month, we're helping you understand finance basics so you can make money decisions with confidence.

- Opening your first bank account or considering account options for your kids? Here's what you should know.
- Make teaching your kids about money fun with these games and comic strips from Kids.gov.
- There are lots of ways you can finance a college education. Learn what options are available to you.
- Big life events like buying a house or having a baby are exciting! Let MyMoney.gov help you handle the finances.
- Manage your money in good times and bad with these tips on borrowing wisely, saving and more.
- Where does your money go each month? A simple budget might help you understand.
- Banks or credit unions. How do you decide which is right for you?
- When do you have to start repaying student loans? This video helps explain.
- Are you thinking about declaring bankruptcy? Learn about the process and alternatives.

Source: USA.GOV Team, 4/18/14

THE INDIVIDUAL SHARED RESPONSIBILITY PAYMENT – AN OVERVIEW

Starting January 2014, you and your family must either have health insurance coverage throughout the year, qualify for an exemption from coverage, or make a payment when you file your 2014 federal income tax return in 2015. Many people already have qualifying health insurance coverage and do not need to do anything more than maintain that coverage in 2014.

Qualifying coverage includes coverage provided by your employer, health insurance you purchase in the Health Insurance Marketplace, most government-sponsored coverage, and coverage you purchase directly from an insurance company. However, qualifying coverage does not include coverage that may provide limited benefits, such as coverage only for vision care or dental care, workers' compensation, or coverage that only covers a specific disease or condition.
You may be exempt from the requirement to maintain qualified coverage if you:

- Have no affordable coverage options because the minimum amount you must pay for the annual premiums is more than eight percent of your household income,
- Have a gap in coverage for less than three consecutive months, or
- Qualify for an exemption for one of several other reasons, including having a hardship that prevents you from obtaining coverage, or belonging to a group explicitly exempt from the requirement.

A special hardship exemption applies to individuals who purchase their insurance through the Marketplace during the initial enrollment period for 2014 but due to the enrollment process have a coverage gap at the beginning of 2014.

For any month in 2014 that you or any of your dependents don't maintain coverage and don't qualify for an exemption, you will need to make an individual shared responsibility payment with your 2014 tax return filed in 2015.

However, if you went without coverage for less than three consecutive months during the year you may qualify for the short coverage gap exemption and will not have to make a payment for those months. If you have more than one short coverage gap during a year, the short coverage gap exemption only applies to the first.

If you (or any of your dependents) do not maintain coverage and do not qualify for an exemption, you will need to make an individual shared responsibility payment with your return. In general, the payment amount is either a percentage of your income or a flat dollar amount, whichever is greater. You will owe 1/12th of the annual payment for each month you (or your dependents) do not have coverage and are not exempt. The annual payment amount for 2014 is the greater of:

- 1 percent of your household income that is above the tax return threshold for your filing status, such as Married Filing Jointly or single, or
- Your family's flat dollar amount, which is $95 per adult and $47.50 per child, limited to a maximum of $285.

The individual shared responsibility payment is capped at the cost of the national average premium for the bronze level health plan available through the Marketplace in 2014. You will make the payment when you file your 2014 federal income tax return in 2015.

For example, a single adult under age 65 with household income less than $19,650 (but more than $10,150) would pay the $95 flat rate. However, a single adult under age 65 with household income greater than $19,650 would pay an annual payment based on the 1 percent rate.

More Information

Find out more about the individual shared responsibility provision, as well as other tax-related provisions of the health care law at www.irs.gov/aca. For more information about your coverage options, financial assistance and the Marketplace, visit HealthCare.gov.

Source: IRS Issue Number HCTT-2014-04, 3/20/14

IS YOUR HEALTH INSURANCE CONSIDERED MINIMUM ESSENTIAL COVERAGE UNDER ACA?

The Affordable Care Act (ACA) calls for individuals to have qualifying health insurance coverage for each month of the year, have an exemption, or make a shared responsibility payment when filing their federal income tax return next year.

Qualifying health insurance coverage, called minimum essential coverage, includes coverage under various, but not all, types of health care coverage plans. The majority of coverage that people have today counts as minimum essential coverage.

Examples of minimum essential coverage include:

- Health insurance coverage provided by your employer,
- Health insurance purchased through the Health Insurance Marketplace in the area where you live, where you may qualify for financial assistance,
- Coverage provided under a government-sponsored program for which you are eligible (including Medicare, Medicaid, and health care programs for veterans),
- Health insurance purchased directly from an insurance company, and
- Other health insurance coverage that is recognized by the Department of Health & Human Services as minimum essential coverage.

Minimum essential coverage does not include coverage providing only limited benefits, such as:

- Coverage consisting solely of excepted benefits (such as Stand-alone vision and dental insurance, Workers' compensation, Accident or disability income insurance)

- Medicaid plans that provide limited coverage such as only family planning services or only treatment of emergency medical conditions.

More information about the types of coverage that qualify and don’t qualify as minimum essential coverage can be found on the IRS Individual Shared Responsibility page and answers to specific questions can be found on the question and answer page.

More Information

Find out more about the tax-related provisions of the health care law at IRS.gov/aca.
Find out more about the health care law at HealthCare.gov.

Source: IRS Issue Number HCTT-2014-12, 4/10/14

TIPS ON MAKING ESTIMATED TAX PAYMENTS

If you don’t have taxes withheld from your pay, or you don’t have enough tax withheld, then you may need to make estimated tax payments. If you’re self-employed you normally have to pay your taxes this way.

Here are six tips you should know about estimated taxes:

- You should pay estimated taxes in 2014 if you expect to owe $1,000 or more when you file your federal tax return. Special rules apply to farmers and fishermen.

- Estimate the amount of income you expect to receive for the year to determine the amount of taxes you may owe. Make sure that you take into account any tax deductions and credits that you will be eligible to claim. Life changes during the year, such as a change in marital status or the birth of a child, can affect your taxes.

- You normally make estimated tax payments four times a year. The dates that apply to most people are April 15, June 16 and Sept. 15 in 2014, and Jan. 15, 2015.

- You may pay online or by phone. You may also pay by check or money order, or by credit or debit card. If you mail your payments to the IRS, use the payment vouchers that come with Form 1040-ES, Estimated Tax for Individuals.

- Check out the electronic payment options on IRS.gov. The Electronic Filing Tax Payment System is a free and easy way to make your payments electronically.

- Use Form 1040-ES and its instructions to figure your estimated taxes.

IRS YouTube Video - *Estimated Tax Payments – English* | *Spanish* | *ASL*

Source: IRS Tax Tip 2014-49, 4/7/14

IMPORTANT DATES - MARK YOUR CALENDAR

The IRS Tax Calendar for Small Businesses and the Self Employed is follows:

➢ *MAY 2014*

5/02/2014
- Deposit payroll tax for payments on Apr 26-29 if the semiweekly deposit rule applies.

5/07/2014
- Deposit payroll tax for payments on Apr 30-May 2 if the semiweekly deposit rule applies.

5/09/2014
- Deposit payroll tax for payments on May 3-6 if the semiweekly deposit rule applies.

5/12/2014
- Employers: Employees are required to report to you tips of $20 or more earned during April
- File Form 941 for the first quarter if you timely deposited all required payments.

5/14/2014
- Deposit payroll tax for payments on May 7-9 if the semiweekly deposit rule applies.

5/15/2014
- Deposit payroll tax for Apr if the monthly deposit rule applies.

5/16/2014
- Deposit payroll tax for payments on May 10-13 if the semiweekly deposit rule applies.

5/21/2014
- Deposit payroll tax for payments on May 14-16 if the semiweekly deposit rule applies.

5/23/2014
- Deposit payroll tax for payments on May 17-20 if the semiweekly deposit rule applies.

5/29/2014
- Deposit payroll tax for payments on May 21-23 if the semiweekly deposit rule applies.

5/30/2014
- Deposit payroll tax for payments on May 24-27 if the semiweekly deposit rule applies.

➢ ***JUNE 2014***

6/02/2014
- File Form 730 and pay the tax on wagers accepted during April.
- File Form 2290 and pay the tax for vehicles first used during April.

6/04/2014
- Deposit payroll tax for payments on May 28-30 if the semiweekly deposit rule applies.

6/06/2014
- Deposit payroll tax for payments on May 31-Jun 3 if the semiweekly deposit rule applies.

6/10/2014
- Employers: Employees are required to report to you tips of $20 or more earned during May.

6/11/2014
- Deposit payroll tax for payments on Jun 4-6 if the semiweekly deposit rule applies.

6/13/2014
Deposit payroll tax for payments on Jun 7-10 if the semiweekly deposit rule applies.

6/16/2014
- Individuals outside the U.S.: File Form 1040.
- Individuals: Pay the second installment of 2014 estimated tax.
- Employers: Deposit payroll tax for May if the monthly deposit rule applies.
- Corporations: Deposit the second installment of your 2014 estimated tax.

6/18/2014
- Deposit payroll tax for payments on Jun 11-13 if the semiweekly deposit rule applies.

6/20/2014
- Deposit payroll tax for payments on Jun 14-17 if the semiweekly deposit rule applies.

6/25/2014
- Deposit payroll tax for payments on Jun 18-20 if the semiweekly deposit rule applies.

6/27/2014
- Deposit payroll tax for payments on Jun 21-24 if the semiweekly deposit rule applies.

6/30/2014
- File Form 730 and pay the tax on wagers accepted during May.
- File Form 2290 and pay the tax for vehicles first used during May.

Source: IRS Tax Calendar for Business & Self Employed

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We cultivate a one on one personal niche & relationship with acumen & expertise to uncover & resolve reporting & financial management issues, weaknesses in internal control, lack of organization & coordination, and budget & planning deficiencies. As key internal consultants, we are actively seeking accounting consultant project opportunities.

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