



## **The JPTFS Newswire**

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**Advisory • Tax • Accounting**

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### ● **PREPARATION OF 2013 INCOME TAX RETURNS**

Merry Christmas, Happy New Year, and wishing you God's blessings in 2014. To those clients who are returning to us once again for tax preparation, we sincerely thank you for your past patronage and ask that you spread the word to your friends and family of our tax preparation services. To our new clients, we thank you in advance for your business and pledge to serve you with quality and professional customer service.

Stay tuned for our newsletter in January for further guidelines on the tax preparation process.

### ● **INDIVIDUALS CAN FILE 2013 RETURNS STARTING JANUARY 31**

The IRS has announced plans to open the 2014 filing season of 2013 tax returns on Friday, January 31, 2014. The new opening date for individuals to file their 2013 tax returns will allow the IRS adequate time to program and test its tax processing systems. The annual process for updating IRS systems saw significant delays in October following the 16-day federal government closure.

<http://www.njscpa.org/news/article/2013/12/19/2014-tax-season-to-open-january-31>

Source: NJ Society of CPAs, 12/19/13

### ● **BUSINESSES CAN FILE 2013 RETURNS STARTING JANUARY 13**

The IRS will begin accepting 2013 business tax returns on Monday, January 13, 2014. This start date applies to both electronically-filed and paper-filed returns.

<http://www.njscpa.org/news/article/2013/12/20/business-can-file-2013-returns-starting-january-13>

Source: NJ Society of CPAs, 12/20/13

## ● HOW CAN YOU CUT NEXT YEAR'S TAXES?

Taxes may be the last thing you want to think about at the holidays, but the end of the year is a great time to take some smart steps that can help you minimize your future tax outlays. Here are some ideas for keeping more money in your pocket.

<http://www.moneymattersnj.com/story.cfm?SID=15836>

Source: e-CPA, December 2013

## ● 'TIS THE SEASON FOR CHARITABLE CONTRIBUTIONS

This is the time of year nonprofit organizations ramp up their efforts to raise money before the end of the year. It's also a great time for taxpayers to donate to charity and receive a tax break in return. Here are some smart practices for giving to make sure organizations receive your gift in time and you receive the appropriate tax credit.

<http://moneymattersnj.com/story.cfm?SID=15835>

Source: e-CPA, December 2013

## ● IRS OFFERS TIPS FOR YEAR-END GIVING

Check out these short educational YouTube videos prepared by the IRS on contributions:

- *Year-End Tax Tips:* [English](#) | [Spanish](#) | [ASL](#)
- *Charitable Contributions:* [English](#) | [Spanish](#) | [ASL](#)
- *Exempt Organizations Select Check:* [English](#) | [Spanish](#) | [ASL](#)

### Special Tax-Free Charitable Distributions for Certain IRA Owners

This provision, currently scheduled to expire at the end of 2013, offers older owners of individual retirement arrangements (IRAs) a different way to give to charity. An IRA owner, age 70½ or over, can directly transfer tax-free up to \$100,000 per year to an eligible charity. This option can be used for distributions from IRAs, regardless of whether the owners itemize their deductions. Distributions from employer-sponsored retirement plans, including SIMPLE IRAs and simplified employee pension (SEP) plans, are not eligible.

To qualify, the funds must be transferred directly by the IRA trustee to the eligible charity. Distributed amounts may be excluded from the IRA owner's income – resulting in lower taxable income for the IRA owner. However, if the IRA owner excludes the distribution from income, no deduction, such as a charitable contribution deduction on Schedule A may be taken for the distributed amount.

Not all charities are eligible. For example, donor-advised funds and supporting organizations are not eligible recipients. Amounts transferred to a charity from an IRA are counted in determining whether the owner has met the IRA's required minimum distribution.

### Rules for Charitable Contributions of Clothing and Household Items

To be tax-deductible, clothing and household items donated to charity generally must be in good used condition or better. A clothing or household item for which a taxpayer claims a deduction of over \$500 does not have to meet this standard if the taxpayer includes a qualified appraisal of the item with the return.

Donors must get a written acknowledgement from the charity for all gifts worth \$250 or more that includes, among other things, a description of the items contributed. Household items include furniture, furnishings, electronics, appliances and linens.

#### Guidelines for Monetary Donations

To deduct any charitable donation of money, regardless of amount, a taxpayer must have a bank record or a written communication from the charity showing the name of the charity and the date and amount of the contribution. Bank records include canceled checks, bank or credit union statements, and credit card statements. Bank or credit union statements should show the name of the charity, the date, and the amount paid. Credit card statements should show the name of the charity, the date, and the transaction posting date.

Donations of money include those made in cash or by check, electronic funds transfer, credit card and payroll deduction. For payroll deductions, the taxpayer should retain a pay stub, a Form W-2 wage statement or other document furnished by the employer showing the total amount withheld for charity, along with the pledge card showing the name of the charity.

These requirements for the deduction of monetary donations do not change the long-standing requirement that a taxpayer obtain an acknowledgment from a charity for each deductible donation (either money or property) of \$250 or more. However, one statement containing all of the required information may meet both requirements.

#### Timing

Contributions are deductible in the year made. Thus, donations charged to a credit card before the end of 2013 count for 2013. This is true even if the credit card bill isn't paid until 2014. Also, checks count for 2013 as long as they are mailed in 2013.

*Source: IRS Newswire, 12/17/13*

### **DON'T FALL FOR CHARITY SCAMS FOLLOWING DISASTERS**

The IRS warns consumers not to fall for bogus charity scams. They often occur in the wake of major disasters like the recent tornadoes in the Midwest or the typhoon in the Philippines. Thieves play on the goodwill of people who want to help disaster victims. They pose as a real charity in order to steal money or get private information to commit identity theft.

<http://www.irs.gov/uac/Newsroom/Dont-Fall-for-Charity-Scams-Following-Disasters>

*Source: IRS Special Edition Tax Tip 2013-14*

## ● **TAXPAYER IDENTIFY THEFT ON THE RISE**

Tax-related identity theft occurs when someone intentionally uses the personal information of another person to file a false tax return with the intention of obtaining an unauthorized refund. Taxpayers should know how to protect themselves and what to do if they become a victim.

<http://www.moneymattersnj.com/story.cfm?SID=15837>

Source: e-CPA, December 2013

## ● **RETIREMENT ROAD BLOCKS FOR BABY BOOMERS**

Baby Boomers, born between 1946 and 1964, have had a huge impact on American culture and society, and that continues as they head into retirement. If you or a loved one is a member of this generation, here's advice on how to avoid some of the pitfalls that could prevent members of this group from enjoying a happy retirement.

<http://www.moneymattersnj.com/story.cfm?SID=15838>

Source: e-CPA, December 2013

## ● **2013 RETIREMENT PLAN DEADLINES**

### **December 31**

- Distribute 2012 401(k) excess contributions & excess aggregate contributions.
- Set up a retirement plan for 2013 (but can't have retroactive elective deferrals).
- Distribute 2013 required minimum distributions (plans have until April 1, 2014, to pay the first RMD for a participant who turned 70½ in 2013.)
- Revoke a single-employer defined benefit plan sponsor's previous election to use a funding balance to offset minimum required contributions for the 2013 plan year, to the extent the election exceeded the full minimum required contribution for the year. This deadline only applies to plans with valuation dates as of the first day of the plan year.
- Elect to reduce January 1, 2013, funding balances to avoid or lift benefit restrictions under IRC Section 436 for single-employer defined benefit plans.
- Amend single-employer defined benefit plans to incorporate provisions required under IRC Section 436.

### **January 15**

- Make the 2013 fourth quarter contributions for defined benefit plans.

### **January 31**

- File [Form 945](#), *Annual Return of Withheld Federal Income Tax*. If you made timely and complete deposits of 2013 taxes, you may file Form 945 by February 10, 2014.
- Trustees and custodians must issue [Form 1099-R](#), *Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.*, to recipients of 2013 retirement plan distributions.
- [Cycle C](#) individually designed plans must amend for [recent law changes](#) and may submit the plan for a [determination letter](#)

Source: Employee Plan News, 12/9/13

## ● **2014 STANDARD MILEAGE RATES**

The IRS has issued the 2014 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes.

<http://www.irs.gov/2014-Standard-Mileage-Rates-for-Business,-Medical-and-Moving-Announced>

Source: e-News for Tax Professionals Issue 2013-47

## ● **IMPORTANT DATES - MARK YOUR CALENDAR**

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

### ➤ **DECEMBER 2013**

#### **12/2/2013**

- Deposit payroll tax for payments on Nov 23-26 if the semiweekly deposit rule applies.
- File Form 730 and pay tax on wagers accepted during October.
- File Form 2290 and pay the tax for vehicles first used during October.

#### **12/4/2013**

- Deposit payroll tax for payments on Nov 27-29 if the semiweekly deposit rule applies.

#### **12/6/2013**

- Deposit payroll tax for payments on Nov 30 - Dec 3 if the semiweekly deposit rule applies.

#### **12/10/2013**

- Employers: Employees are required to report to you tips of \$20 or more earned during November.

#### **12/11/2013**

- Deposit payroll tax for payments on Dec 4-6 if the semiweekly deposit rule applies.

#### **12/13/2013**

- Deposit payroll tax for payments on Dec 7-10 if the semiweekly deposit rule applies.

#### **12/16/2013**

- Corporations: Deposit the fourth installment of your 2013 estimated tax.
- Deposit payroll tax for Nov if the monthly deposit rule applies.

#### **12/18/2013**

- Deposit payroll tax for payments on Dec 11-13 if the semiweekly deposit rule applies.

#### **12/20/2013**

- Deposit payroll tax for payments on Dec 14-17 if the semiweekly deposit rule applies.

#### 12/26/2013

- Deposit payroll tax for payments on Dec 18-20 if the semiweekly deposit rule applies.

#### 12/30/2013

- Deposit payroll tax for payments on Dec 21-24 if the semiweekly deposit rule applies.

#### 12/31/2013

- File Form 730 and pay tax on wagers accepted during November.
- File Form 2290 and pay the tax for vehicles first used during November.

### ➤ **JANUARY 2014**

#### 1/02/2014

- Deposit payroll tax for payments on Dec 25-27 if the semiweekly deposit rule applies.

#### 1/06/2014

- Deposit payroll tax for payments on Dec 28-31 if the semiweekly deposit rule applies.

#### 1/08/2014

Deposit payroll tax for payments on Jan 1-3 if the semiweekly deposit rule applies.

#### 1/10/2014

- Employers: Employees are required to report to you tips of \$20 or more earned during Dec 2013
- Deposit payroll tax for payments on Jan 4-7 if the semiweekly deposit rule applies.

#### 1/15/2014

- Individuals: Pay the final installment of your 2013 estimated tax. Use Form 1040-ES.
- Farmers and fishermen: Pay your estimated tax for 2013. Use Form 1040-ES.
- Employers: Deposit payroll tax for Dec 2013 if the monthly deposit rule applies.
- Deposit payroll tax for payments on Jan 8-10 if the semiweekly deposit rule applies.

#### 1/17/2014

- Deposit payroll tax for payments on Jan 11-14 if the semiweekly deposit rule applies.

#### 1/23/2014

- Deposit payroll tax for payments on Jan 15-17 if the semiweekly deposit rule applies.

#### 1/24/2014

- Deposit payroll tax for payments on Jan 18-21 if the semiweekly deposit rule applies.

#### 1/29/2014

- Deposit payroll tax for payments on Jan 22-24 if the semiweekly deposit rule applies.

#### 1/31/2014

- File Form 720 for the fourth quarter of 2013.
- Furnish Forms 1098, 1099 and W-2G to recipients for certain payments during 2013.
- Furnish Form W-2 to employees who worked for you during 2013.
- File Form 730 and pay the tax on wagers accepted during Dec 2013.
- Deposit any FUTA tax owed through Dec 2013.

- File Form 2290 and pay the tax for vehicles first used in Dec 2013.
- File Forms 940, 941, 943, 944 and/or 945 if you did not deposit all taxes when due.
- File your tax return if you did not pay your last installment of estimated tax by January 15<sup>th</sup>
- Deposit payroll tax for payments on Jan 25-28 if the semiweekly deposit rule applies.

Source: IRS Calendar Connector

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