



Storm-Larsen & Company, Inc.
We Create Success

WWW.STORM-LARSEN.COM

FALL 2014

Dear Client:

We hope you had a wonderful year and we look forward to seeing you at your upcoming tax appointment. This tax newsletter contains some of the highlights of the changing tax landscape, including what's new for 2014. If you have any questions about these or any other tax-related matters, please let us know when you call to confirm your appointment or email us your questions to info@storm-larsen.com.

We look forward to seeing you soon!



2014 TAX APPOINTMENTS

Confirm your appointment:
805-446-6200

or
Connie@Storm-Larsen.com

Your appointment date and time are shown on your 2014 Tax Organizer.

If you don't have an appointment, please call or email Connie.

ORGANIZERS 2014



Your organizer will be arriving in your email box early December. Please print only the pages you will be completing and providing for your tax preparation. Hard copies of the organizer will be provided upon request.

Preparing for your tax appointment.

1. Confirm appointment
2. Fill out organizer
3. Gather all documents
4. To expedite your appointment, mail your organizer with tax documents, at least 2 weeks before your appointment or email to: info@storm-larsen.com

CAUTION IRS does NOT make calls

The IRS has issued a consumer alert providing taxpayers with tips to protect themselves from telephone scam artists who call pretending to be with the IRS. Remember that the IRS will **never**:

- Call you about taxes you owe without first mailing you an official notice.
- Demand that you pay taxes without allowing you to question or appeal the amount they say you owe.
- Require you to use a specific payment method for your taxes, such as a prepaid debit card.
- Ask for credit or debit card numbers over the phone.
- Threaten to bring in local police or other law-enforcement groups to have you arrested for not paying.



If you receive one of these phone calls or *email*, DO NOT RESPOND. We have posted the IRS link on the Welcome page of our website in red at the top of the page.

Patient Protection and Affordable Care Act & your taxes

- ◇ You must have health care coverage for every month or pay a penalty, beginning 2014.
- ◇ New Tax Forms 1095A, 1095B or 1095C may be issued to you by the 1st of February.
- ◇ If you didn't have coverage in 2014, you'll pay the **higher** of :

Threshold
\$10,150 Single
\$13,050 HH
\$20,300 MFJ

 1. **1% of your yearly household income.** (amount of income above the tax filing threshold - see chart)
 2. **\$95 per person for the year (\$47.50 per child under 18).** The maximum penalty per family using this method is \$285.
- ◇ For 2014, there are **33 exemptions** (including 14 hardship exemptions) to the penalty.
 - ◆ Process takes at least 2 weeks & must be OK'd by the state's health care exchange.
 - ◆ Applications must be submitted with documents to obtain a certificate number.
 - ◆ You can apply for the exemption **now** to avoid delays.
- ◇ For a list of exemptions, application or information go to: www.healthcare.gov
- ◇ www.Storm-Larsen.com website has additional information.

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Year End Tax Planning Ideas

⇒ Contribute more to your 401K

Money you contribute to your 401(k) or similar employer-based retirement plan (if it's not a Roth) is excluded from your income, lowering your tax bill. You can direct some extra dollars to your retirement plan during your last few pay periods—or, if you get a year-end bonus, contribute more.

Maximum contribution is **\$17,500** to employer-based plans. Workers 50 and older can contribute up to **\$23,000**.

⇒ Penalty-Proof your return

If you expect that you'll owe money when you file your 2014 tax return, you can avoid an underpayment penalty by *boosting your withholding now*. You're off the hook for the penalty, as long as you pay the minimum. If you have both wage & consulting income, increase withholding rather than estimated payment due Jan 15, 2015.

prepay 90% of this year's tax bill, or *100%* of last year's tax (110% if AGI is over \$150K)

⇒ Plan your itemized deductions

If you expect your income to drop next year (as an example, you plan to retire) deductions will probably be more valuable this year. You may want to pay deductible expenses before year-end, such as your January mortgage, 2015 real estate taxes and fourth-quarter estimated state income taxes. On the other hand, if you're a candidate for the Alternative Minimum Tax, some of those deductions could be disallowed. On the other hand, if you expect your income to increase next year, you'll want to defer charitable gifts and other deductible expenses because they'll be more valuable.

⇒ Give to Charity

This is the time of year to clean out & donate to a charitable organization, if you itemize deductions. These can add up to hundreds of dollars in tax deductions. To value these donations look at that organizations' website for valuation tools.

If you donate a used car worth more than \$500 to charity, your deduction will be limited to the amount the organization receives when it sells it. The charity will list the vehicle's sale price, or whether an exception allowing a higher deduction applies, on Form 1098-C, which you must attach to your tax return. Because of previous abuses, donations of used cars and other non-cash items may attract extra scrutiny from the IRS. So **keep scrupulous records**.

Send contributions to your favorite charity by December 31, keep your canceled check or receipt as proof of your donation. If you contribute \$250 or more, you'll also need an acknowledgment from the charity.

⇒ More tips on our website at: <http://www.storm-larsen.com/monthly-news>

What's New

New taxes you may first notice in 2014 include a Medicare surtax. The Net Investment Income Tax (NIIT) is "a 3.8 percent surtax that will be due on the lesser of your net investment income for the year, or the amount by which your "modified adjusted gross income" – or MAGI – exceeds those income thresholds. And yes, if you're a high earner, you might get hit with both the 0.9 percent Additional Medicare Tax and the 3.8 percent NIIT surtax. Note that the Additional Medicare Tax applies to your earned income and the NIIT applies to investment income. What investment income is subject to this? Generally interest, dividends, capital gains, rental and royalty income, nonqualified annuities, businesses that are taxed on your return as "passive activities" and income from businesses involved in the trading of financial instruments or commodities are affected. Please call or email for more information on this.

A New Tax Bracket

The tax year 2013 brought us a new top tax bracket, so the tax returns you file on or before April 15, 2015 will feature some people sending Uncle Sam a bigger portion of their income. 39.6 percent for incomes of more than \$406,750 (for single filers) or \$457,600 (married, filing jointly).



Expiring Tax Breaks

More than 50 tax breaks expired in 2013, so you can expect some new taxes in 2014 – or higher taxes – unless some or many of them are reinstated. That may well happen, as many tax breaks are repeatedly renewed. Expiring breaks include a deduction of up to \$250 for teachers who buy classroom supplies with their own money and a deduction of up to \$4,000 for qualified tuition and related expenses – and more. Note that unlike many of the taxes described above that actually took effect in 2013, these breaks remained in effect through 2013 and hopefully were claimed on your 2013 tax returns. But for now, they're scheduled to disappear in 2014.

IMPORTANT DATES



NOW Year End Planning make your apt.
 12/10/14 Property Taxes 1st Installment due
 12/31/14 Required Minimum Distribution
 1/15/15 4th Quarter Estimated Payment
 1/16/15 Info to Aggie for 1099 processing
 1/31/15 Issue W-2's to employees
 1/31/15 Issue 1099's
 2/28/15 Renew Annual Business Tax
 3/1/15 Request EXTENSION for Corp
 3/16/15 File Corporate/S-Corp return
 3/25/15 Request an EXTENSION
 4/1/15 File Business Property Stmt (571-L)
 4/15/15 Tax Return Filing Deadline

RMDs

Once you reach age 70 1/2, you must begin taking an annual **required minimum distribution (RMD)** from your IRAs and other retirement plans. RMDs have to begin by April 1 of the year after the year in which you turn 70 1/2.

To determine your RMD for '14, you will need the combined total IRA balance for ALL of your IRA assets on 12/31/13. This does NOT include ROTH IRAs or 401k's.

If RMDs are not taken annually, you may be subject to an additional 50% penalty.

One way to begin reducing your exposure to RMDs is to convert funds in traditional IRAs to a Roth IRA. Roth IRAs are exempt from RMD rules, you'll have more protection for the future, even though you'll owe tax on the conversion for the year in which it occurs.

Give us a call for assistance with your RMD questions.

Adrica's
Corner



Storm-Larsen News

From the desk of **Ragnar**



Security of our clients' information is a top priority here at Storm-Larsen and Company. We are committed to protecting our computer systems and most importantly, your data. In today's news, there seems to be increasing spyware/malware attacks, and viruses each day. This new reality is certainly a nuisance and

taking proper security measures is a necessity and extremely important to us at Storm-Larsen and Company.

A few weeks ago, you may have received an email from Storm-Larsen and Company asking you to review some documents in Google Docs. Hopefully this email was captured by your email spam filters. The link that was provided in the email directed you to a fake Google login page and asked you to enter your login and password information. If you did enter your information, please make sure that you change your password immediately. The email you received was a phishing attempt and most likely the result of an email spoof. Our tech support provider immediately notified us and performed all of the necessary scans and procedures and ensured us that there was not a breach in our online security. We want to apologize for any inconvenience this may have caused and assure you that our systems and any of your data stored here at Storm-Larsen were never threatened.

We have many layers of protection against online threats at Storm-Larsen and Company. We contract with one of the top tech support companies in the area. Their services include providing us with 24/7 monitoring of our systems, firewall protection to deny access from online intruders, and advanced anti-virus/spyware and malware software loaded onto all of our computers. Storm-Larsen and Company will continue to strive to stay ahead of the game by taking the necessary steps to keep your data safe.

Storm-Larsen —New Team

2014 brought many changes to our Storm-Larsen team.



Malia Storm-Henderson, left our team in 2013 to get exposure in other areas. She has returned and will be a part of our team in 2015.

Malia@storm-larsen.com

Bernie Inocencio joined our team in early January. Bernie brings her extensive Accounting, Bookkeeping and QuickBooks expertise to our team.



Ext. 138

Bernie@storm-larsen.com

Gloria Moreno is an Enrolled Agent with over 20 years experience in tax preparation and tax resolution. Gloria will be assisting Ragnar with his extensive workload.



Ext. 129

Gloria@storm-larsen.com

Storm-Larsen emails:

To confirm your appointment:

connie@storm-larsen.com

To ask tax questions/provide tax documents:

info@storm-larsen.com

Sign up for our monthly newsletter at:

www.storm-larsen.com



We have created a new email address to expedite a response to your email. Use this new address for all tax questions and to provide requested tax documents. Please do not send emails to multiple addresses

info@storm-larsen.com

STORM-LARSEN AND COMPANY, INC.
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Create financial success in your future



STORM-LARSEN AND COMPANY, INC.

In addition to preparing tax returns, we offer the following services:

- Prepare returns for any of the 50 states
- Establish installment payment programs with the IRS
- Help resolve tax authority issues
- Initiate a plan for next year's tax planning
- Prepare parent's and children's estate and fiduciary tax returns
- Put your Partnership, Corporation or S-corporation on computer software, e.g. QuickBooks
- Complete business plans for new and existing businesses
- Make recommendations regarding the buying or selling of a business or determine the value of a business

Call us today!



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