



CLIENT NEWSLETTER

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Tax Reform

While nothing is changing in 2014, with elections taking place, tax reform is on the horizon. House Ways & Means Committee Chairman Dave Camp has proposed a template by which all future individual and corporate tax law would be amended. Changes proposed across the board are radical 'outside the box' reform; including tax breaks that are typically renewed annually (the usual holiday "extender" fiasco) being made permanent. Though we all know, when it comes to taxes, nothing is ever set in stone.

The wages of sin are death, but by the time taxes are taken out, it's just sort of a tired feeling. ~Paula Poundstone

LOOSE LIPS

Dave's a taxpayer, a company man with a wife who bakes the best apple pie on the block and a son with a family of his own. He's never had an audit, never particularly wanted one either but nerves of steel – he's got 'em. He's charmed his way into a life worth living; he can charm himself into the least painful outcome here.

In chatting about local real estate, Dave mentions selling his home, which occurred in the year prior to the one under audit. He's quick to assure the agent that it was subject to the home sale exclusion because it was his principal residence and was therefore tax free.

The agent expands the audit to include the previous year and discovers that, actually, Dave and his wife rented out the home to their son and his family and didn't live in the unit themselves.

The result is over \$150,000 in tax, penalty and interest.

Dave's still convinced he's charming, the IRS is full of a bunch of brown-nosers and he should've hired a professional. Don't make Dave's mistake!

THE AFFORDABLE CARE ACT DRAMA

Act 1, Scene I: No matter what your feelings about comprehensive medical coverage might be, I am confident that you are confused about where things stand and what has happened so far. Despite the House of Representatives voting regularly and often for repeal, and potential candidates floating trial balloons of gutting the whole thing, the law remains in effect and health care coverage now includes over 7-million of the previously uninsured.

- Americans who can afford coverage are required to purchase health insurance or pay a tax penalty that starts at \$95 (\$285 per family) or up to 1% of income, whichever is greater.
- Up to 17 million Americans under age 65 could be eligible for Medicaid. States that choose to expand their program receive federal financial aid for the increased payment rates.
- In 2014, the law makes it illegal for any health insurance plan to use pre-existing conditions to exclude, limit or set unrealistic premium rates on coverage for adults. The requirement to cover children under age 19 for pre-existing conditions began in 2010.
- The provision that required employers with 50 or more workers to provide health care coverage or face fines has been postponed until 2015.
- IRS has reconsidered the requirement to report health care premiums paid for employees on form W-2. The reports will now be made on Form 1095-C, a draft of which is not yet available.

Just the facts, no propaganda. These are points worth noting and hopefully it uncomplicates complicated law.

**The Serious Pursuit of Happiness: Everything You
Need to Know to Flourish.** *Henry S. Miller*

1. Breathe slowly and deeply: Before you react to the next stressful event, first take three deep breaths and consciously release each breath slowly.
2. Speak more slowly: If you feel overwhelmed at any time, deliberately slow down the pace of your speaking; you will appear less anxious and more in control of the situation. If you slow down, you'll find you can think more clearly and react more reasonably.
3. Take a break outdoors: Take advantage of the healing power of fresh air and sunshine. Just five minutes outside on a balcony or terrace can be rejuvenating.
4. Check your posture: Hold your head and shoulders upright. Avoid slumping or stooping; bad posture leads to muscle tension, pain, and increased stress. If you are behind a desk during the day, take five minutes every hour to walk around or stretch.
5. Drink plenty of water and eat small, nutritious snacks: Fight dehydration and hunger — they can provoke aggressiveness and exacerbate feelings of anxiety and stress.
6. Do one thing today: Every day, do at least one simple thing you've been putting off: Return a phone call, make a doctor's appointment or file the paperwork piling up on your desk. Taking care of one nagging responsibility will energize you and improve your attitude.
7. Reward yourself after a stressful day: At the end of the day, set aside any work worries, housekeeping issues or family concerns for at least a few minutes. Allow yourself a brief period of time to fully relax before bedtime — even if it's only taking a relaxing bath or spending 30 minutes with a good book.
8. Practice letting go: When your next stressful situation comes up, make a conscious choice not to become upset. Just let it go. Managing your anger is a proven stress reducer.

Guess where my head's at...

DATELINE: IRS

We have learned of a new phishing scam in which taxpayers receive emails purporting to be from the Taxpayer Advocate Service (and bearing that logo). The email contains a bogus case number and says:

"Your reported 2013 income is flagged for review due to a document processing error. Your case has been forwarded to the Taxpayer Advocate Service for resolution assistance. To avoid delays processing your 2013 filing contact the Taxpayer Advocate Service for resolution assistance."

The email contains a link where the recipient can find contact information for the "advocate" assigned to their case that solicits personal information such as the recipient's legal name and contact information. There's also a link to review "your reported income" that again solicits this kind of personal information.

If you have received this email, do **not** click on the link and forward the email to the IRS's designated address for such emails: phishing@irs.gov. Taxpayers can find instructions for forwarding the messages on IRS.gov.

All clients should be aware **never** to answer any emails that purport to be from the IRS.

OFFICE NEWS

Whoa, stop this ride, I don't feel so hot! April 15 is the end of income taxes and April 30 wraps up payroll tax!! Our office will be closed the following dates:

- **OFFICE CLOSED 5/2 (R & R)**
- May 26 – Memorial Day
- May 28 – June 2: NC getaway

This issue relied heavily on our new assistant editor: Madeline.

Thank you for your patience during another wild and crazy tax season.

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