



CLIENT NEWSLETTER

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Affordable Care Act

Effective October 1, 2013, the health insurance market place has opened to enroll people who are without coverage, or who wish to investigate a cheaper premium payment by opting out of their employer sponsored plan. Unfortunately, the other component of the marketplace for small employers without an existing healthcare plan for their employees will not be operational until later this month. People without insurance must be covered in some manner beginning January 1, 2014. Without coverage, you are subject to a penalty.

If you are currently covered by health insurance you don't need to do anything. If you are covered through Medicare, you don't need to do anything. However, if you have been unable to obtain coverage because of a pre-existing medical condition, or because you have lost a job that provided a medical insurance benefit, you will be able to find health coverage through the marketplace. You cannot be denied coverage for a pre-existing condition, nor can you be charged a higher premium because of that condition. Allowable premium increases are due to age or if you are a smoker – but that's it.

The deadline to sign up for 2014 is December 15, 2013. Be sure to investigate your options.

Ponzi Scheme Losses

The IRS has revised Form 4684, Casualties and Thefts, for 2013 to allow bilked investors to write off 75% or 95% of what they lost. Specific details about the swindler are a must, along with an inventory of documentation to support the losses. This change is the consequence of Treasury inspectors determining that IRS had previously allowed millions in erroneous Ponzi loss write-offs. The scope of the Bernie Madoff investors turned out to be far larger than was obvious from the client lists!

Gearing Up for Year End

In January 2013, Congress passed the American Taxpayer Relief Act of 2012, which made permanent many, but not all, of the Bush-era tax cuts and also some tax benefits enacted during the Obama administration. Congress also permanently "patched" the alternative minimum tax (AMT) to prevent its encroachment on middle income taxpayers. The result is much greater certainty in year-end tax planning for 2013 knowing what the individual tax rates are in 2014, how many tax credits and deductions are structured, and much more. Of course, there are always complexities in the Tax Code. In 2013, two new Medicare taxes kicked-in (a 3.8-percent net investment income (NII) surtax and a 0.9-percent Additional Medicare Tax). In addition, the U.S. Supreme Court ruled that the federal government's denial of recognition of same-sex marriage was unconstitutional, opening the door to allowing married same-sex couples to file joint federal tax returns and take advantage of other tax benefits available to married couples.

Some temporary tax incentives include the state and local sales tax deduction for big ticket items like a car or boat. The tax credit for energy efficient home improvements is scheduled to expire after 2013, as is the above-the-line deduction for teachers classroom expenses. Other considerations include gifts to charity. Through the end of 2013, taxpayers age 70 ½ and older can make a tax-free distribution from individual retirement accounts to a charity. The maximum distribution is \$100,000. Individuals taking this option cannot claim a deduction for the charitable gift. This is also a good time to review retirement savings. For 2013, the maximum amount of contributions that can be made to an IRA is \$5,500, with a \$1,000 catch-up amount allowed for individuals over age 50. Keep in mind that the maximum amount that can be contributed to a Roth IRA begins to decrease once a taxpayer's adjusted gross income crosses a certain threshold.

GETTING MOTIVATED

We've been told time and again that the only way we can be motivated is to find the strength within – no pep talk, half time speech, locker room tirade – can empower us to go out and get tough and tackle the job at hand. So, if you are thinking that you might be considering a readjustment of your thoughts to hit the motivational circuit, here are five motivation tricks from *Real Simple*.

1. Start Working Toward a New Goal on Monday. Mondays give you that sense of energy that comes on January 1st, but they do it every week.
2. Do It Early in the Day. As the day wears on, there's less time to get to every last item on your to-do list. If you give your project priority, you'll help ensure you get to it.
3. Ease in to it. On days when you feel like completely bagging your goal, find a way to eke out 5 or 10 minutes. You'll probably be inspired to continue once you've started.
4. Put Your Money Where Your Goal is. After you splurge on new sneakers or a yoga mat, join Weight Watchers, or sign up with a Spanish tutor, you'll be more motivated to stick with it to get your money's worth.
5. Find a Mantra. If you feel yourself becoming discouraged, struggling, or even panicking en route to a goal, recite a calming, empowering, or spiritual line like, "There are no problems, only solutions."

Who Said That?

"Since a politician never believes what he says, he is quite surprised to be taken at his word."

--Charles de Gaulle (1890-1970), French general and politician

"The government's view of the economy could be summed up in a few short phrases: If it moves, tax it, if it keeps moving, regulate it. And if it stops moving, subsidize it."

--Ronald Reagan

DATELINE: IRS

With the government shutdown, all divisions of the federal government have devised their own contingency plan. All must comply with the Anti-Deficiency Act, which prohibits the spending or employing personnel during a lapse in government appropriations – except to protect life or property – unless they are otherwise authorized by law. All employees are identified as "excepted" or "non-excepted" (a change from the former reference of "essential" or "non-essential" personnel). The Service indicates that it has allocated ½ day to shutting down all non-excepted activities and will have 8,700 of its 94,500 (9.3%) employees remain on the job. The plan substantively addresses a shutdown of five days or less. A longer suspension of activity will call for a reevaluation of critical needs.

"Individuals and businesses should keep filing their tax returns and making deposits with the IRS, as they are required to do so by law," said the IRS. Further, "the IRS will accept and process all tax returns with payments, but will be unable to issue refunds during this time. Taxpayers are urged to file electronically, because most of these returns will be processed automatically."

Not only are refunds suspended, but Tax Court is closed. There is no live customer service. If you had an appointment for an exam or audit, as well as tax collection, appeals or Taxpayer Advocate cases, those will be rescheduled. Although IRS computer systems will continue to mail out automated notices, there is no one to address any additional information a taxpayer may wish to submit to revise a notice assessment. If a taxpayer is involved with a payment plan and will miss a payment (perhaps because they are furloughed), it is advised that they fax a notification to the Service in advance of the due date of the payment so they are on record as having attempted to request a hold on collection enforcement.

OFFICE NEWS

This quarter presents many opportunities for learning and vacation:

- October 17 – October 21: NY for my father-in-law's 90th birthday!
- October 24 – 26: Practice Mgmt Shreshop
- Nov 6 – 8: IRS Representation Workshop
- Nov 13: Speaker's Bureau, Orlando
- Nov 25 – 29: Thanksgiving with family
- Dec 4 - 5: 2013 Tax Update
- December 25 – 26: Christmas Holiday
- January 1: New Year's

and then it's my favorite time of year.....

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