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IRS Tax Filing Reminders

- ✓ **February 18** – Deadline for providing 2013 Forms 1099-B and 1099-S to recipients.
- ✓ **February 28** – Payers must file 2013 information returns (such as 1099s) with the IRS. (Electronic filers have until March 31 to file.)
- ✓ **February 28** – Employers must send 2013 W-2 copies to the Social Security Administration. (Electronic filers have until March 31 to file.)
- ✓ **March 3** – Farmers and fishermen who did not make 2013 estimated tax payments must file 2013 tax returns and pay taxes in full.
- ✓ **March 17** – 2013 calendar-year corporation income tax returns are due.

IRS adjusts tax numbers for 2014

Each year the IRS adjusts certain tax numbers for inflation and tax law changes. Here are some of the adjusted numbers you'll need for your 2014 tax planning.

- Standard mileage rate for business driving decreases to 56¢ a mile. Rate for medical and moving mileage decreases to 23.5¢ a mile. Rate for charitable driving remains at 14¢ a mile.
- Section 179 maximum first-year expensing deduction decreases to \$25,000, with a phase-out threshold of \$200,000.
- Social security taxable wage limit increases to \$117,000. Retirees under full retirement age can earn up to \$15,480 without losing benefits.
- Kiddie tax threshold remains at \$2,000 and applies up to age 19 (up to age 24 for full-time students).
- Nanny tax threshold increases to \$1,900.
- Health savings account (HSA) contribution limit increases to \$3,300 for individuals and to \$6,550 for families. An additional \$1,000 may be contributed by those 55 or older.
- 401(k) maximum salary deferral remains at \$17,500 (\$23,000 for 50 and older).
- SIMPLE maximum salary deferral remains at \$12,000 (\$14,500 for 50 and older).
- IRA contribution limit remains at \$5,500 (\$6,500 for 50 and older).
- Estate tax top rate remains at 40%, and the exemption amount increases to \$5,340,000.
- The annual gift tax exclusion remains at \$14,000.

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- Tax credit for adopting a child is \$13,190 for 2014.
- Alternative minimum tax exemption amounts increase to \$52,800 for single taxpayers and \$82,100 for married couples filing a joint return.
- Limit on transportation fringe benefit is \$130 for vehicle/transit passes and \$250 for qualified parking.

Check your eligibility for this business credit

The health insurance premium credit for small businesses has been available since 2010. According to a recent report, many businesses that qualify for this credit have failed to take it.

Even if your business hasn't taken this credit in the past, you may want to look into it this year. For 2014, the credit increases from 35% to 50%. When you qualify, you can use the credit to offset your federal income tax liability by up to 50% of the cost of health insurance premiums you pay for employees.

Three general tests for eligibility are:

- Employing fewer than 25 "full-time equivalent" employees.
- Paying average annual wages of less than \$50,000.
- Paying at least 50% of health insurance premiums for those employees.

Each test has specific requirements. For example, you may qualify for the credit, in full or in part, when you have more than 25 employees. That's because "full-time equivalent" is based on hours your employees worked during the year.

In addition, some employees aren't counted for purposes of the credit, such as seasonal staff who were on the payroll for less than 120 days. Other excluded workers are sole proprietors, owner/employees, and shareholders who own more than 2% of the stock of an S corporation.

For assistance in reviewing your eligibility for the credit, contact our office.

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Don't forget Form 8938 if you have foreign investments

If you own foreign investments, you may have an additional federal tax form to file this year.

Form 8938, "Statement of Specified Foreign Financial Assets," is due April 15, 2014, and is filed as part of your individual tax return. You'll use Form 8938 to disclose interests in certain foreign financial accounts when your ownership exceeds the reporting requirements.

What are the reporting requirements? They vary depending on where you live and your filing status. For example, say you're married and live in the United States, and you'll file a joint tax return for 2013. You'll include Form 8938 with your tax return when the total value of your reportable assets on the last day of 2013 was more than \$100,000, or if the value exceeded \$150,000 at any time during the year.

Reportable assets include investment accounts you own that are held in foreign financial institutions, interests in foreign entities, and stocks or securities issued by foreign individuals or companies.

You've probably noticed the reporting requirements are similar to the "Report of Foreign Bank and Financial Accounts" (FBAR), a separate return you may already be filing. Be aware the new Form 8938 does not replace the FBAR, which you'll still need to complete by June 30, 2014.

Penalties for failure to file Form 8938 start at \$10,000. We urge you to contact us so we can help you evaluate your filing requirements for foreign investments.

A Simplified Home Office Deduction

Do you work at home or have a home-based business? If so, you should be aware that beginning this year, the IRS has created a simpler option for calculating the deduction for the business use of your home. The new option makes recordkeeping easier because, instead of maintaining records of specific home office expenses, you can use a standard rate per square foot. The rate is \$5 per square foot (up to a maximum of 300 sq. feet or \$1,500) for qualifying business use space in place of taking a pro rata percentage of items such as mortgage interest, taxes and repairs.

Keep in mind there are good and bad aspects to this "simpler" method. The new method gives you back your full interest and tax deduction on schedule A, but you will lose your depreciation

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and loss carryover deductions. Of course, you must still use your home office regularly and exclusively for business. This may be a welcome relief for some taxpayers, but it might not be the best choice for others. Is it the right choice for you? Please contact us for answers to all your financial questions.

Portal News & Tips Edition 1.1

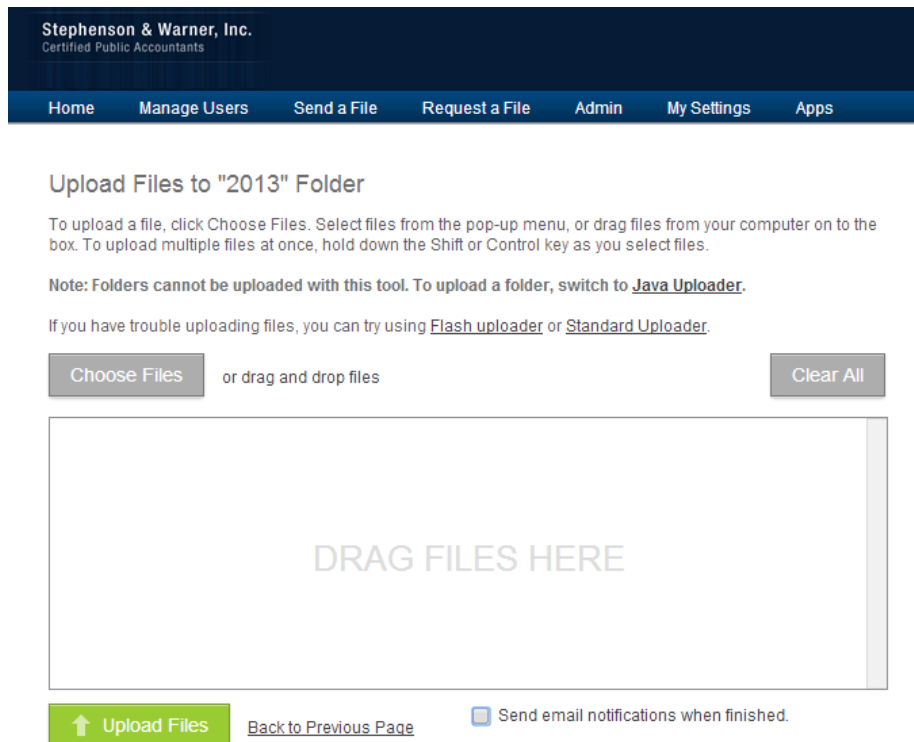
Here at Stephenson and Warner we take great care with your sensitive information. We have been using “The Portal”, our secure file sharing system, to share documents with you for years. This year we will be offering an electronic pdf copy of your tax return instead of a paper copy for those that choose that method of delivery. Please let us know if you prefer this method. We remain committed to keeping your personal and company information private and safe and choose not to email a copy of your tax return to you or a third party.

Common Questions:

- ✓ **How do I get set-up on the portal?**
 - Call the office. We will need a current email address and can get you set-up for the upcoming tax season in under 10 minutes.
- ✓ **How long will my information be available to me on the portal?**
 - We store all documents on the portal for a period of 6 (six) months. Please print off or save all documents in a timely manner.
- ✓ **How do I Log-In?**
 - Please visit our website at stephensonwarnercpas.com and use the dark blue “Client Log-In” button located at the top right of the screen.
- ✓ **I lost my password. Now what?**
 - Give us a call and we can help you reset the password.

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- ✓ **How do I Upload documents for my accountant?**
 - Click on the “Upload” button on screen, browse and choose your files and click on “upload”



The screenshot shows a web interface for uploading files. At the top is a dark blue header with the text "Stephenson & Warner, Inc. Certified Public Accountants". Below the header is a navigation bar with buttons for "Home", "Manage Users", "Send a File", "Request a File", "Admin", "My Settings", and "Apps". The main content area is titled "Upload Files to '2013' Folder". It contains instructions: "To upload a file, click Choose Files. Select files from the pop-up menu, or drag files from your computer on to the box. To upload multiple files at once, hold down the Shift or Control key as you select files." A note states: "Note: Folders cannot be uploaded with this tool. To upload a folder, switch to [Java Uploader](#)." Below this, it says: "If you have trouble uploading files, you can try using [Flash uploader](#) or [Standard Uploader](#)." The interface includes a "Choose Files" button, the text "or drag and drop files", and a "Clear All" button. A large rectangular area is labeled "DRAG FILES HERE". At the bottom, there is a green "Upload Files" button, a "Back to Previous Page" link, and a checkbox labeled "Send email notifications when finished."

- ✓ **How will I know if I have documents available for downloading from my accountant?**
 - You will be sent an email with a link each time that we upload a document for you.
- ✓ **Is there a fee for utilizing the portal?**
 - There is currently no charge for receiving your first set of documents electronically, however, we will have a \$15 fee if you choose to receive both an electronic and a paper copy of your documents, or we need to provide the documents multiple times for you.

Do you have additional questions about the portal?
Email me at: thughett@stephensonwarnercpas.com.
We might even use them in our “Portal News & Tips” edition next month!