

Reminder

July 31 is the deadline for filing 2015 retirement or employee benefit returns (5500 series) for plans on a calendar year.

School Supplies Tax Free Sale

Ohio is having a one-time sales tax holiday only in 2015 just in time for back to school! The holiday will begin on Friday, August 7, 2015 at 12:01 am and ends on Sunday, August 9, 2015 at 11:59 pm. During the sale hours you can purchase certain items and not pay any sales or use tax. The items must fall into the following categories:

- An item of clothing priced at \$75 or less;
- An item of school supplies priced at \$20 or less; and
- An item of school instructional material priced at \$20 or less.

There is no limit on the amount of the total purchase. The qualification is determined item by item. All vendors must participate as the sales tax holiday is set by law and vendors must comply.

For additional information visit [Ohio.gov](http://www.tax.ohio.gov); Sales Tax Holiday FAQ's.

http://www.tax.ohio.gov/sales_and_use/salestaxholiday/holidayfaq.aspx

Tax planning is essential for second marriages

Wedding bells bring rejoicing - and financial changes. If you're marrying for the second time, the changes might seem overwhelming. On the surface, tax and financial planning for a second marriage is similar to that of a first marriage.

For example, no matter what month you hold the ceremony, the IRS will consider you married for the full year. That means employer-provided fringe benefits and taxes withheld from your paychecks could require adjustment. Depending on how much each of you earns and your past financial history, you'll have to decide what filing status will be most beneficial, and how best to take advantage of tax breaks that may become available.

With a second marriage, you have even more decisions to make, including how you'll merge your assets. Will you purchase a new home? If both of you already own separate homes, you may each qualify for a \$250,000 federal income tax exclusion on the profit from the sale, as long as you have lived in the home for at least two of the last five years. If only one of you meets the requirements for the exclusion, consider selling the qualifying home and living in the other for a while.

You or your spouse might also have substantial debt or financial obligations. Discuss your financial histories, including alimony or child support still owed and past bankruptcies. Decide who will provide for the college expenses of the children in your now-combined household. Depending on your age, you may want to investigate the effect of the marriage on your social security benefits.

A second wedding is a joyful event for you, your new spouse, and your extended families. To give your marriage an added advantage, call us before you say, "I do." We'll offer our congratulations - followed by useful financial and tax planning advice.

Maximize tax benefits of carryforwards and carrybacks

Although the tax code contains some exceptions, income is generally taxable in the tax year received and expenses are claimed as deductions in the year paid. But "carryforwards" and "carrybacks" have special rules. In this case, certain losses and deductions can be carried forward to offset income in future years or carried back to offset income in prior years, providing tax benefits.

- **Capital losses.** After you net annual capital gains and capital losses, you can use any excess loss to offset up to \$3,000 of ordinary income. Remaining losses can be carried over to offset gains in future years. The carryforward continues until the excess loss is exhausted.
- **Charitable deductions.** Your annual charitable deductions are limited by a "ceiling" or maximum amount, as measured by a percentage. For example, the general rule is that your itemized deduction for most charitable donations for a year can't exceed 50% of your adjusted gross income (AGI). Gifts of appreciated property are limited to 30% of your AGI (20% in some cases) in the tax year in which the donations are made. When you contribute more than these limits in a year, you can deduct the excess on future tax returns. The carryover period for charitable deductions is five years.
- **Home office deduction.** If you qualify for a home office deduction and you calculate your deduction using the regular method, your benefit for the current year can't exceed the gross income from your business minus business expenses (other than home office expenses). Any

excess is carried forward to the next year. Caution: No carryforward is available when you choose the "simplified" method to compute your home office deduction.

- Net operating losses (NOLs). Business NOLs can be carried back two years and forward 20 years. Tip: As an alternative, you may opt to forego the carryback and instead carry the entire NOL forward.

Give us a call for help in maximizing the tax benefits of carryforwards or carrybacks.

Refocus your business

Are problems beginning to surface in your business? Have profits been dwindling? Are customers complaining with greater frequency? Are competitors encroaching on your market share? These are warning signs that you're headed in the wrong direction - and you don't want to ignore them until it's too late. Here are suggestions for turning things around.

- Focus on the money-makers. Perhaps your business has developed products your customers aren't willing to buy. If so, it may make sense to redirect your company's available resources. Does that mean you should never create new product lines or expand into new markets? No. But new products must eventually improve the bottom line. If they don't make money within a reasonable time, refocus.
- Establish (or reestablish) your brand. Identify what you do best; then tell everyone. Your goal is to educate customers, vendors, and employees on the reasons why your product or service is better than the competition. Be specific. Of course, to remain credible you must back up your claims, so be realistic as well. Win trust by following through.
- Track results. Once you're refocused on the money-making segments of your business, keep a close eye on the numbers. Know whether customer complaints are down, cash flow is improving, back orders are declining, and market share is holding steady or increasing. If profits aren't showing an upward trend, take another look - then adjust and remeasure.

For help getting your business back on track, give us a call.

Portal News & Tips

Here at Stephenson and Warner we take great care with your sensitive information. 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:

- ✓ **Where can I log-on if I want to look at documents on the portal?**
 - Go to our website: www.stephensonwarnercpas.com
 - Click on the blue box in the upper right corner marked CLIENT LOGIN
 - Enter your username and password! You can see all of your folders and documents.
 - REMEMBER: Download your documents right away. They are available for 6 months from the time they are placed on the portal.

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!