

### Tax Filing Reminder

- ✓ **September 15** – Third quarter installment of 2014 individual estimated income tax is due.
- ✓ **September 15** – Filing deadline for 2013 tax returns for calendar-year corporations that received an automatic extension of the March 17 filing deadline.
- ✓ **September 15** – Filing deadline for 2013 partnership tax returns that received an extension of the April 15 filing deadline.
- ✓ **October 1** – Generally, the deadline for businesses to adopt a SIMPLE retirement plan for 2014.
- ✓ **October 15** – Deadline for filing 2013 individual tax returns on extension.

### IRS publishes 2015 HSA contribution limits

The IRS has announced the inflation-adjusted contribution limits for health savings accounts (HSAs) for 2015. HSAs allow taxpayers with high-deductible health insurance plans to set aside pretax dollars that can be withdrawn tax-free to pay unreimbursed medical expenses. The 2015 contribution limit for individuals is \$3,350; the limit for family coverage is \$6,650. A catch-up contribution of an additional \$1,000 is permitted for individuals who are 55 or older.

### C or S Corporation: Consider tax changes in reviewing your options

Changes to the federal income tax code can prompt you to review the legal structure of your business. Last year's increase in the top tax rate for individuals is one such change, since corporate rates remain the same. At the most basic level, businesses are taxed as either stand-alone or pass-through entities, and a significant difference between corporate and individual tax rates is reason for a new assessment.

If you're debating between operating as a C corporation or an S corporation, here are three tax aspects to consider.

- **Income taxes.** A difference you're probably aware of between the two types of corporations is the way earnings are taxed. C corporations are stand-alone entities and pay federal income tax at

the corporate level, based on business earnings. If the corporation has a loss, the loss offsets business income in past or future years.

S corporation earnings and losses are passed through to you, as a shareholder. Earnings are taxed on your individual income tax return at your personal tax rate. This is true even if you receive no cash from the business. Losses can offset other income, assuming you participate in corporate business on a regular and substantial basis.

- **Ownership.** Tax rules limit the number and type of shareholders who can own an interest in your S corporation. For example, an S corporation can have no more than 100 shareholders, and they must all be U.S. citizens or residents. In addition, your S corporation can issue only one class of stock, meaning all shareholders have the same liquidation and distribution rights. When you form a C corporation, foreign owners can hold stock in your business. You can also issue stock with different ownership privileges, such as preferred stock, which grants priority in receiving corporate dividends.
- **Dividends and distributions.** In general, when corporate income is distributed to you as a shareholder, the distribution is a dividend. Whether your corporation is taxed as a C corporation or an S corporation, the business gets no deduction.

However, as a C corporation shareholder, you're required to include income distributions on your personal tax return. In effect, distributions are taxed twice, once on the corporate return and once on your return.

When you own stock in an S corporation, distributions can be considered a return of the money you invested in the business. The distinction means you may not owe income tax, assuming you have basis in the corporation.

Many tax and nontax reasons will affect your choice of the best type of structure for your business. Please call our office for a complete evaluation.

## [Deadline for Roth change coming up](#)

It turns out you can go back after all – at least when it comes to last year's decision to convert your traditional IRA to a Roth. The question is, do you want to?

You might, if your circumstances have changed. For example, say the value of the assets in your new Roth account is currently less than when you made the conversion. Changing your mind could save tax dollars.

Recharacterizing your Roth conversion lets you go back in time, as if the conversion never happened. You'll have to act soon, though, because the window for undoing a 2013 Roth conversion closes October 15, 2014.

Before that date, you have the opportunity to undo all or part of last year's conversion. After October 15, you can change your mind once more and put the money back in a Roth. That might be a good choice when you're recharacterizing because of a reduction in the value of the account. Just remember you'll have to wait at least 30 days to convert again.

Give us a call for information on Roth recharacterization rules. We'll help you figure out if going back is a good idea.

### Seeking a Job? You May Be Able to Deduct the Expenses

Did you know that if you are trying to find work in your current occupation, the costs of your search, including expenses for preparing and sending resumes, employment agency fees and

related travel expenses, should be deductible?

The deductions aren't available in all cases. For example, you're not eligible to use them if you are seeking employment in a new field or if this will be your first job. If it's been a long time since you left your last job, your costs also may not qualify. Don't try to navigate the rules on your own. If you want to learn more about these deductions, or ask any questions about your tax situation, contact us today.

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## Portal News & Tips

### Edition 1.8

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. 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. Now that tax season has passed the portal remains up and ready to receive your information or gain access to electronic copies of your returns.

## Common Questions:

- ✓ **I want to get back on the system, but cannot locate the original email with the link. Is there another place I am able to go?**
  - Yes there is. You do not need to have the e-mail link to check the portal. Please visit [stephensonwarnercpas.com](http://stephensonwarnercpas.com). At the top right hand corner a blue button labeled “Client Login” is available. Click the button. Enter your email and password. Download the documents you need.
  
- ✓ **Can I pay my invoice online? Is it secure?**
  - Yes, you can! We have a secure credit card processing center available to you at all times.
    - Located in the top right hand corner of our webpage there is a green “Make Payment” button. Fill in the fields with your information and click “Continue and Pay”. Follow the prompted information and finish by clicking “Submit”. If you have questions please give us a call.

We use real problems and questions that come to us each month.

Do you have additional questions?

Email me at: [thughett@stephensonwarnercpas.com](mailto:thughett@stephensonwarnercpas.com).

We might even use them in our “Portal News & Tips” edition next month!