

The Consultant

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January 2016 Newsletter

Once again a new year is upon us and income taxes are coming. We are once again making our tax organizers available to anyone who requests one. If you have not used one in the past, please call the office to request one for 2015, as it is our attempt to be as thorough as possible in the preparation of your return. The tax organizer may not be enough however, and we wanted to bring some special items to your attention below.

Affordable Care Act

Starting with tax year 2015, insurance companies and employers are now required to issue new tax forms to individuals that participate in their health insurance plans. The forms provide information about the individual's health insurance to assist in preparing their federal tax returns, and are titled 1095-A, 1095-B, and 1095-C. These forms will be sent to the primary recipient on the insurance plan, so a family that is covered under one plan will only receive one form.

The 1095-A will be sent to individuals who are insured through the Health Insurance Marketplace, also known as the Affordable Care Act, or Obamacare. The 1095-B will be sent to employees of smaller companies with less than 50 full time employees, and to individuals who have their own private plans. The 1095-C will be sent to employees of larger companies with more than 50 full time employees.

The only form that is needed to file your 2015 tax return is the 1095-A, which only applies to insurance plans purchased through the Health Insurance Marketplace. If you receive your health insurance through your employer or a private plan, you don't need to worry about including any of these forms with your tax documents.

Children/Student Tax Returns

We strongly suggest that you do not allow your dependent children or college students to file their own returns this year. We must file their return because of the Affordable Care Act. Allowing a child to file their own return, particularly a student, can cost the child and the parent literally thousands of dollars in Health Care penalties and/or credits.

Health Care & Charity Deductions

The amount of your medical expenses in most cases must be more than 10% of your income before we can deduct anything, so weigh carefully whether or not to go to the trouble of summarizing these costs. If you are self-employed, we will need to know how much you paid for health insurance.

ALL deductions of any amount must have a receipt. Any individual donation over \$250, the amount of one donation, must also have an acknowledgement letter from the charity, and the letter must be dated by the date we file your return. The letter should show the date and the amount of any individual donation over \$250 and should also state that no goods or services were received in return for the contribution. We do not need to see the letter or receipts but you must keep it with your records in the case of an audit in the future.

In an attempt to reduce the amount of backup documentation, we have created a worksheet for you to fill out regarding health care & charitable deductions. If you did not receive this worksheet with your newsletter and would like one, please contact the office. Please do not send in your receipts with the worksheet, unless you made a charitable donation of a vehicle. The vehicle donation receipt and/or 1098C form will need to be submitted with your Health Care & Charitable Donation Worksheet.

Mortgage Interest

We must obtain Form 1098 from you when you pay mortgage interest. Additionally we must obtain refinancing closing statements, and if you drew money out on a home mortgage or refinancing we must have general information on the use of the money according to the IRS.

Roth IRA Conversions

You will be continue to hear from lots of “experts” this year that you need to convert your retirement accounts to Roth IRAs. While there are a number of advantages to conversions, there are an equal number of disadvantages that carry some major tax consequences. Please do not convert your accounts without coming in to see us for an appointment to discuss both the positives and negatives.

Gift Changes

The amount you may give to one person in one year without any return filing requirements is \$14,000. Very, very few Americans need to worry about Federal estate taxes because of changes in the estate tax limit at the Federal level.

Future Income Tax Rates & Other

We highly recommend that when you are getting your information to us for your 2015 Federal tax return, that you set an appointment for an after tax season “Tax Tune Up” to examine tax and estate planning strategies.

Incorporating

If you are currently in business, or thinking of starting up one, now is the time to possibly incorporate and start operating as a corporation starting in January of 2016. If you would like to find out the advantages, or if it makes sense for your business call and ask to speak with Mr. Piermani.

Investments

Interest rates are still at a low and it makes it very difficult to earn any money on your investments. There are many safe stocks that pay a dividend. Many of the utility stocks and some of the oil stocks are paying a dividend that exceeds 5%. If you are interested in learning more about your options to receive dividends, call and ask to speak with Mr. Piermani.

Mortgages

All the economic indicators have shown that the real estate market has been improving. This is still the best time for someone to buy a new home or even an investment property with the prices and the interest rates still low. You may also be able to refinance your current mortgage to lower your payment or even go from a thirty year mortgage down to a fifteen. If you are interested in seeing about a refinance or a mortgage call and speak to Mr. Piermani.

Tax Appointments

It is our firm’s policy not to allow children in the office at the time of tax consultations. These appointments involve a great deal of information which requires the tax preparers’ concentration while completing the necessary forms. If children are old enough, they may sit in the waiting area until the appointment is complete. However, we are not responsible for watching your children. We ask you to kindly **make the appropriate arrangements** to avoid this situation.

Cancellation

We have minimum time slots to accommodate a large client base and therefore it is very important that any appointments made during tax season are kept. We certainly recognize that situations arise and should you need to cancel and reschedule your appointment, we require a six hour notice or there will be a \$95.00 cancellation fee incurred. This policy is strictly enforced.

Corporations

If you keep your own records please submit your profit & loss and balance sheet in the cash basis no later than January 31st for us to do the corporate return. This includes LLC's, C-Corporations and Sub-Chapter S Corporations. Remember, the balance sheet should include all accounts in the corporation's name, such as checking, savings, money markets, all lines of credit and credit card balances. If you do not have a computer program that can print these financials, contact our office and we can send you forms to fill in. You **cannot** file your personal return until your corporate return is filed.

Business in other states

If you are operating a business in another state, you are required to register in that state and will have to file a tax return as an individual, partnership or corporation. Computerization is now allowing states to track down those of you who have not registered. States will assess high penalty and interest on the taxes due. If you fall into this category, we can help you with the registration process.

Keep in mind you are taxed on your total profit in your home state location. You will also receive credit against this tax for any taxes paid to another state for the work completed in them.

Tax Season Hours

Monday thru Friday 8:00 AM to 9:00 PM
Saturday & Sunday 8:00 AM to 3:00 PM

Filing Deadlines

January 31, 2016	W-2 & 1099 forms need to be mailed out to employees. Any businesses having these requirements that we do not do bookkeeping or payroll for already please provide us the information needed in a reasonable period of time to get the forms filled out and back to you
February 28, 2016	Deadline to file the 1099 forms with the IRS. There can be strict penalties assessed if filed late.
March 15, 2016	Deadline to file Corporation tax return such as a C Corporation "Form 1120", S Corporation return "Form 1120S" or an LLC return that has an election to file either a "form 1120 or a 1120S" Also, the last day to file an extension to file for the above returns.
April 18, 2016	Deadline to file Individual "Form 1040" or Partnership returns "Form 1165". Last day to contribute to a Traditional or Roth IRA, HSA, or SEP-IRA plan. Also, the last day to file an extension for the above returns. Final day to file an amended return for 2012.
September 15, 2016	Forms 1120 & 1120S that are on extension need to be filed by this date. No additional extensions may be filed.
October 17, 2016	Forms 1040 & 1065 that are on extension need to be filed by this date. No additional extensions may be filed.

***We at Piermani & Bearoff, P. C. & Charles J. Piermani Associates
would like to extend our wishes to you for a Happy New Year!!***