

The Consultant

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January 2015 Newsletter

Once again a new year is behind us and income taxes are coming. In this most unusual tax season of 2015, all Americans will be seeing changes on their tax returns. Congress continues to discuss last minute income tax bills as of the date of this letter, and you can be assured we stay abreast of all the latest changes as they occur!

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 2014, 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*****

All Americans will be affected in some manner by the Affordable Care Act from 2010 (some people call it Obamacare) 5 new tax forms were released by the IRS as a result of this act for 2014. If you received a Form 1095 from any issuer or agency, we **MUST** have all copies to prepare your tax return. If you did not receive a 1095, we must ask you a number of additional questions about insurance coverage so that we can help you avoid any penalties for failure to have health insurance. The new 5 forms will add \$15 to \$95 to this year's tax preparation bill, courtesy of the Affordable Care Act along with additional time on our part to complete your tax return properly.

*****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 Car Act. Allowing a child to file their own return, particularly a student, can cost the child and parent literally thousands of dollars in Health Care penalties and/or credits.

Health Care Deductions

Last year's tax bill reduced your deduction for medical costs, including health insurance for 2014. We will see very few deductions available for medical costs now unless you have substantial bills. The amount of your medical expenses in most cases must now be more than 10% of your income before we can deduct anything, so weigh carefully whether to go to the trouble of summarizing these costs. If you are self-employed, we still need to know how much you paid for health insurance.

Charity

ALL deductions of any amount must have a receipt. Any individual contribution over \$250 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 amount of any individual contribution over \$250 and should also state that no goods or services were received in return for the contribution. We don't need to see the letter but you must keep it within your records in the case of an audit.

Foreign Accounts

If you have read any news in the last year, you know that the IRS is looking closely for offshore accounts. If you have an account, retirement account, or business interest with a value over \$10,000 in a foreign country, or a foreign business ownership (not through a mutual fund), please let us know as some special rules will apply to you. There are substantial penalties for failure to disclose these items.

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

Effective 1/1/2013, the amount you may give to one person in one year without any return filing requirements was increased to \$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 2014 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 2014. 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 or Mr. Bearoff.

Investments

Interest rates are still at an all time 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 or Mr. Bearoff 610-275-7544.

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 child. 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, 2015	due to the Government shut down the IRS is not processing individual returns till this time
January 31, 2015	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, 2015	Deadline to file the 1099 forms with the IRS. There can be strict penalties assessed if late
March 16, 2015	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 last day to file an extension to file for the above returns
April 15, 2015	Deadline to file Individual "Form 1040" or Partnership returns "Form 1165". Last day to contribute to an IRA, HSA, SEP-IRA or Solo 401K plan. Also, last day to file an extension for the above returns. Final day to file an amended return for 2010 returns.
September 15, 2015	Forms 1120 & 1120S that are on extension need to be filed by this time there are no additional extensions
October 15, 2015	Forms 1040 & 1065 that are on extension need to be filed by this

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