CIRIMELLI, PYLE & ASSOCIATES LLP
CERTIFIED PUBLIC ACCOUNTANTS

Online Advisor – March 2015

Major Tax Deadlines For March 2015

* March 2 - Payers must file 2014 information returns (such as 1099s) with the IRS. (Electronic filers have until March 31 to file.)

* March 2 - Employers must send 2014 W-2 copies to the Social Security Administration. (Electronic filers have until March 31 to file.)

* March 2 - Farmers and fishermen who did not make 2014 estimated tax payments must file 2014 tax returns and pay taxes in full.

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* March 8 - Daylight Saving Time begins.

* March 16 - 2014 calendar-year corporation income tax returns are due.

* March 16 - Deadline for calendar-year corporations to elect S corporation status for 2015.

Note: Businesses are required to make federal tax deposits on dates determined by various factors that differ from business to business.

Payroll tax deposits: Employers generally must deposit Form 941 payroll taxes (income tax withheld from employees' pay and both the employer's and employees' share of social security taxes) on either a monthly or semiweekly deposit schedule. There are exceptions if you owe $100,000 or more on any day during a deposit period, if you owe $2,500 or less for the calendar quarter, or if your estimated annual liability is $1,000 or less.

* Monthly depositors are required to deposit payroll taxes accumulated within a calendar month by the fifteenth of the following month.

* Semiweekly depositors generally must deposit payroll taxes on Wednesdays or Fridays, depending on when wages are paid.

For more information on tax deadlines that apply to you or your business, contact our office.

What's New in Taxes

Health care law adds new forms to tax filing

The "Affordable Care Act" will add some new tax forms to 2014 tax returns. While most taxpayers will simply need to check a box on their tax return to indicate that they had health coverage for all of 2014, others will have to provide other information.

Among the new forms:

* Form 8965 is used to report a Marketplace-granted coverage exemption or to claim an IRS-granted exemption. A worksheet in the Form 8965 instructions is to be used to calculate the shared responsibility payment.

* Form 8962 is used to reconcile advance payments of the premium tax credit or to claim this credit on the tax return.

* Form 1095-A is the form sent to taxpayers who purchased coverage through the Health Insurance Marketplace. This form will help them complete Form 8962.

The IRS encourages taxpayers to visit irs.gov/aca for more information about the Affordable Care Act and filing their 2014 income tax return..

Adjust your tax and financial course for 2015

Were you less than satisfied with your financial situation at the end of 2014? If so, making tax-smart decisions in 2015 could provide a helpful course correction.

Here are some suggestions to get you started on the right path.

* Get structured. That out-of-control feeling from last year might be due to a lack of organization. Set up a simple filing system to arrange your tax papers and records. Once you're organized, review your

monthly expenses and establish a budget you can live with. Online tools can help make that job much easier, or you can give us a call. We'll be happy to help. Next, take your planning a step further and create an emergency fund. Consider setting aside six months of living expenses in an account you can tap easily.

* Be strategic. Examine your investment portfolio for potential tax savings, such as selling stocks that are worth less than you paid to offset your capital gains. You might also donate appreciated stock that you have held for more than one year to charity and avoid capital gains altogether. With the new tax on unearned income to watch out for, consider buying investments that pay tax-free income, such as municipal bonds.

* Look again. Some everyday tax moves deserve a second look. Review your employer's list of benefits to make sure you are making the most of them, including the lesser-known perks, if available, such as flexible spending accounts, commuting reimbursements, and employer-paid college expenses. If you have a qualified high-deductible health insurance plan, consider the benefits of a health savings account. This is also a good time to analyze your tax withholding and estimates for 2015. Changes to your job, marital status or dependents, a new home, or a serious health issue - all of these life events can affect your tax situation. Adjustments now can put extra money in your pocket when you need it most.

* Go long. In addition to strategies that yield immediate benefits, think about your long-term finances. Take full advantage of your employer's retirement matching program. Consider contributing the maximum allowed by law, especially if you are nearing retirement age. In 2015, you can contribute up to $18,000 to your 401(k) plan, plus a $6,000 catch-up contribution if you're age 50 or over.

* Consider the myRA (my Retirement Account), a new retirement option for 2015. While these accounts are not designed to replace other retirement plans, the benefits may make opening a myRA a smart idea. For example, the account charges no fees, is guaranteed not to lose value, and can be established with as little as $25.

Are you ready to think really long term? Review your will and estate plan. Even though the current high-dollar exclusions may shield you from the estate tax, there are still good reasons for you to have a solid plan in place.

If looking back at 2014 leaves you thinking you should have managed things better, take steps now to get your tax and financial plan back on track.

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New Business

Start the new year with a five-step business review

If you own or manage your own business, you're probably busy monitoring operations and dealing with everyday problems. But there are a few things that you should make time to do every year. These are important for your longer term business and personal success.

1. Review your business insurance coverage. Don't just automatically write a check to renew your insurance policies when they come due. Instead, you should sit down with your insurance agent every year. Review your business operations, focusing on any changes. Discuss types of risk that could arise. Ask about new developments in business insurance. Use your agent's expertise to identify risk areas and suggest suitable coverage.

2. Review your business tax strategy. A month or so after you've filed your tax return, make an appointment with your tax advisor. Go over your return together and identify opportunities for tax savings. Question everything, starting with whether you're using the right form of business entity. Ask about recent changes in the tax code and how they might benefit your business. Make your advisor a "partner" in your business strategy.

3. Update succession planning for your business. Review your succession planning annually. You should have a specific plan for each key manager position, including yourself. Be prepared for a short-term absence or a permanent vacancy. Your plan might mean promoting from within or recruiting externally. An up-to-date plan can be invaluable if you have an unexpected vacancy.

4. Review your business banking relationships. Annually, you should go over your cash balances and banking relationships with your controller or CFO. Then both of you should meet with your banker. Ask about new products or services that could help your company. Address any service concerns or problems you might have had. Look for ways to reduce idle cash, boost interest earned, and improve cash flows.

5. Review and update your personal estate planning. If you're a business owner, your company is likely to be a significant part of your estate. A good estate plan is essential if you hope to pass it on to your heirs. But your company, your personal circumstances, and the tax laws are continually changing. You should take time each year to make sure your plans are current.

We can assist you with the reviews and planning necessary to your business's long-term success. Give our office a call.

To grow or not to grow?

To grow or not to grow is a decision most successful small businesses face at some point. There can be opportunity and profit in growth, but there can be perils and risks as well. What should you as a business owner consider when you are faced with this important decision?

Benefits

First, analyze the potential benefits of expanding your business.

* The business can often achieve attractive economies of scale from increased buying power and operational efficiency. This can often reduce your cost structure and improve your margins. Growing your margins at a faster rate than your sales growth can achieve remarkable financial results.

* Growing organizations can often attract more skilled employees who prefer larger organizations with more opportunities for promotion and development.

* Growing organizations generally have a greater opportunity to go public.

Risks

Next, take a look at the risks your business faces if you expand operations.

* Larger organizations typically require more elaborate systems and tend to be less personal than smaller companies. As it grows, the business will probably have a more rigid management structure.

* Increased complexity can result as operational issues tend to expand faster than anticipated. Operating remote locations can be very challenging.

* Loss of control may be a consequence of expanded operations. Growing companies face significant integration changes, and developing capable managers can be difficult.

Questions

Answer the following questions as part of your analysis.

* Do you have the necessary temperament, energy level, and commitment for growth? Are you willing to pay the price of working harder and longer to make the transition successful?

* Are your growth markets similar to your existing ones, or will they require significant operational change?

* Can you attract and develop the required management team and implement the necessary control systems?

* Can you improve or maintain margins? Do you really want to have the increased risk of growth if you aren't likely to benefit from economies of scale?

* Can you attract adequate sources of capital and other resources to expand your business?

* Will growth make you more susceptible to economic downturn or increase your dependency on suppliers?

* Can your suppliers handle your expansion and grow with you?

* Can you maintain your competitive advantages as you get larger, or will you dilute your core strengths? Will you face new competitors?

For help in analyzing your company's situation, please talk to us. We can help you weigh the pros and cons of expanding your business.

What's New in Finances

Some interesting IRA numbers

The IRS reports some interesting numbers on IRAs. Here are a few:

At the end of 2012, U.S. taxpayers held $5.3 trillion in IRAs.

Traditional IRAs accounted for $4.6 trillion of that amount; Roth IRAs accounted for $403 billion. SIMPLE plans were valued at $72 billion, and SEPs had a value of $272 billion.

$1.4 trillion of the value in traditional IRAs was held by taxpayers with an annual income between $100,000 and $200,000. Taxpayers earning between $50,000 and $100,000 a year held $1.2 trillion in IRAs.

In 2012, 3.7 million taxpayers contributed to traditional IRAs, and 5.5 million contributed to Roth IRAs.

Gifting appreciated stock can result in two different tax treatments.

Here are a few things to consider when making gifts of appreciated stock.

If you are gifting to a qualified charity, you get a deduction for the fair market value of the stock even though your basis (cost) is less than the current value. When the charity sells the stock, there are no taxes due since qualified charities pay no taxes on contributions they receive. This is a win-win for both parties since the donor also pays no taxes on the appreciated value of the stock.

If you are making a gift to an individual, the rules are different. The one who receives your gift also takes your basis (cost) and holding period as his own. When he sells the stock, he will report the gain on his income tax return. If the recipient is in a low enough tax bracket, there may be no tax on the gain.

Take this example. Let's assume you purchased $2,000 worth of XYZ stock four years ago that is now worth $10,000. If you gift that stock to a qualified charity, you will get a deduction for $10,000, completely avoiding tax on the $8,000 of built in profit. If you gift the stock to an individual who sells it, he or she will report a gain of $8,000 on their income tax return. The tax, if any, is determined by the recipient's income tax bracket.

Which stocks you gift away, which stocks you sell, and those which you hold for another time should be determined by your long-range financial plans. Contact us for assistance in determining the best tax advantage of selling or gifting stocks.

The information contained in this newsletter is of a general nature and should not be acted upon in your specific situation without further details and/or professional assistance. For more information on anything in the Online Advisor, or for assistance with any of your tax or business concerns, contact our office.