



Online Advisor – April 2016

Major Tax Deadlines For April 2016

- * April 18 - Individual income tax returns for 2015 are due.
- * April 18 - 2015 calendar-year partnership returns are due.
- * April 18 - 2015 annual gift tax returns are due.
- * April 18 - 2015 income tax returns for calendar-year trusts and estates are due.
- * April 18 - Deadline for making 2015 IRA contributions.
- * April 18 - Deadline for employers to make contributions to certain retirement plans.
- * April 18 - First installment of 2016 individual estimated tax is due.
- * April 18 - Deadline for amending 2012 individual tax returns (unless the 2012 return had a filing extension).
- * April 18 - Deadline for original filing of 2012 individual income tax return to claim a refund of taxes.

NOTE: The District of Columbia will be observing Emancipation Day on April 15, the usual filing deadline. Because April 16 and 17 fall on a weekend, the 2016 filing deadline is moved to the next business day, April 18.

Taxpayers in Maine and Massachusetts have until April 19, 2016, to file because these two states observe Patriot's Day on Monday, April 18.

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 FICA 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

IRS interest rates rise for the first time since 2011

When you underpay tax on your personal or business return, you'll owe interest on the shortage. The interest accrues from the date the tax was due until you actually pay it. For example, say you requested an extension of time to file your personal return until October 17, and paid what you thought you owed with the extension. When you complete your return, you discover more tax is due. Generally, you'll be charged interest from the due date of your return until you remit the additional balance.

When you overpay your taxes and do not receive a timely refund, the IRS is required to pay interest to you. In general, "timely" means a 45-day processing period applies before your refund will earn interest.

The IRS publishes the interest rates for underpayments and overpayments of tax each quarter. Here are the rates in effect as of April 1, 2016.

- * 4% for overpayments (3% in the case of a corporation);
- * 1.5% for the portion of a corporate overpayment exceeding \$10,000;
- * 4% for underpayments; and
- * 6% for large corporate underpayments (those exceeding \$10,000).



Changes in IRS interest rates can offer planning opportunities

Do you keep up with fluctuations in interest rates? The IRS does too, and changes in those rates could affect your tax return. For instance, applicable federal rates, or AFRs, are published by the IRS to set a minimum interest rate for certain transactions, such as loans to family members.

How does that affect you? Loans you make that carry an interest rate lower than the market offers can be considered a taxable transfer for income and gift taxes. The result: You might have taxable income even if you receive no interest, and a gift tax return may be required. Not reporting the income, or not filing a gift tax return when necessary, could lead to penalties.

Establishing a written loan agreement with a stated interest rate - for example, the AFR in effect for the month of the loan - helps avoid misunderstandings.

The IRS also publishes interest rates that apply to the underpayment and overpayment of tax.

Say you get a notice increasing the liability on your federal return. You'll generally owe interest from the due date of the return until you make payment. The interest is compounded daily and applies to penalties as well as to the underpaid tax.

Interest rates can provide opportunities for planning, including strategies for making transfers of your business to family members and charitable trusts. Please call for information

New Business

Make sure that email is really from your boss

Do you work in human resources or payroll? The IRS and the FBI want you to be aware of a new twist on email scams. In this version, an email appearing to come from a CEO or other high-ranking company official requests payroll data or Forms W-2. The email is known as a "spoofing" scam because it appears to be from a legitimate source. In truth, it's an attempt to get the personal information of employees in order to file a fraudulent tax return or steal the financial identity of the employees. As a safeguard, implement a policy requiring that requests for sensitive personal information of employees be verified, preferably via a different means of communication than the original request. Also a good idea: Check your business liability insurance to make sure you're covered for this type of security breach.



If your company is a victim of the scam, notify the IRS. Alert your employees so they can add a fraud alert or freeze to their credit accounts, and provide your employees with free credit monitoring.

Make your business meetings more productive

Are your organizational meetings dull, uninspiring, and inefficient? Do they drain morale, waste time, and focus on the past? Would you like them to be vibrant, engaging, productive, and future-focused? If so, here are suggestions to supercharge your business meetings.

- * Assess your current situation. Be honest. Determine what is and isn't working and commit to improvement.
- * Raise your expectations. Demand more from your sessions. Circulate agendas in advance. Require attendees to be on time, prepared, and ready to actively participate.
- * Set ground rules. No web surfing or crossword puzzles. Keep your sessions disciplined and business-like. But don't forget the power of humor to lighten things up and reduce stress.
- * Have an agenda but be prepared to leave it. If a stimulating and productive discussion develops, exploit it. Harvest those creative ideas. You can always revisit less important matters.
- * Change your meeting time and formats. If your meetings get in a rut, try something different, such as changing the timing, location, or format.
- * Avoid the trivial. Handle routine updates via memos or email.
- * Stretch and challenge the team. Your meetings are valuable personal and organizational development opportunities. Treat them that way.
- * Recognize excellence. Praise and reward performance.
- * Focus on the positives and look to the future. Maintain a positive tone. Discuss your yesterdays only to improve your tomorrows.
- * Recap and take action. Resolve issues, determine a course of action, and assign action steps. It's important to make recognizable progress.



* Know when to quit. If you hit a big breakthrough, consider stopping. Alternatively, end on a unifying note. Reinforce the common bond and move forward together.

You can make your business meetings more productive. Commitment, discipline, and a passion for excellence will make it happen.

What's New in Finances

Spend? Save? What are your plans for your tax refund?

According to a recent survey by the National Retail Federation, you have plenty of company if you know exactly what you plan to do with your tax refund. The Federation conducts the survey annually, and this year more than 49% of the survey's participants report they plan to save their tax refunds. Tackling debt is another priority. Nearly 35% of the survey's participants intend to use tax refunds to reduce debt. Either choice is a smart financial move. Contact our office for help with these and other financial decisions.

Get your savings strategy back on track

Have recent economic events slowed or stopped your savings efforts? Have constant changes to tax laws and the magnitude of investment choices added to your confusion? If your answer to either question is yes, it's time for a change in attitude and strategy. Here are suggestions.

* Set goals. Receipt of a sum of money - such as a tax refund - is a good time to make financial resolutions, including improving your savings self-discipline. Start by deciding how much you want to accumulate and how long you have to do it.

* Save more money. Next, resolve to put money into a savings account on a regular basis. Consider automatic withdrawals from your paycheck or checking account to make this happen. You can also take advantage of tax-deferred retirement plans and employer-matched savings plans. This includes IRAs and retirement plans at work, such as SIMPLE and 401(k) plans. Using these plans to save may generate additional cash from the saver's tax credit or an employer's matching contribution.



* Control spending. Resolve to be more prudent with expenditures. Establishing a budget is a good place to start. Watching your savings grow and knowing you'll be able to pay for an important future goal is rewarding.

We can help you set financial goals and assist you in devising a savings plan to meet them. Contact us for a financial checkup.

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