CIRIMELLI, PYLE & ASSOCIATES LLP
CERTIFIED PUBLIC ACCOUNTANTS

Online Advisor – March 2016

Major Tax Deadlines For March 2016

* March 1 - Farmers and fishermen who did not make 2015 estimated tax payments must file 2015 tax returns and pay taxes in full.

* March 13 - Daylight Saving Time begins.

* March 15 - 2015 calendar-year corporation income tax returns are due.

* March 15 - Deadline for calendar-year corporations to contribute to certain retirement accounts and still receive a tax deduction for 2015.

* March 15 - Deadline for calendar-year corporations to elect S corporation status for 2016.

* March 31 - Deadline for payers who file electronically to file 2015 information returns (such as 1099s) with the IRS.

* March 31 - Applicable large employers (generally employers with 50 or more full-time employees in the previous year) must furnish Form 1095-C, Employer-Provided Health Insurance Offer and Coverage, to employees.

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

Got health coverage? New forms help avoid penalties

If you had health coverage during 2015, you may receive one or more information returns that you haven't seen before. Form 1095-B, "Health Coverage," provides information about who your health policy was issued to, who was covered by the policy, and the months of coverage. Form 1095-C, "Employer-Provided Health Insurance Offer and Coverage," tells you what coverage your employer offered, who in your family was covered, and when the coverage was in place.

You may receive some or none of these forms, and you don't need to attach them to your federal income tax return. In fact, you can file your return before you receive Forms 1095-B or 1095-C. However, you will need to have an older form in hand to complete your return. Form 1095-A, "Health Insurance Marketplace Statement," has information about your insurance, who was covered by your policy, and when the coverage was in effect.

Not sure which forms apply to you? Contact us for help.

Can you benefit from these tax breaks?

Here are tax breaks you may be able to use to reduce the amount you owe on your 2015 personal and business federal income tax returns.

* Child credit. You can claim this $1,000 tax credit for each qualifying dependent child who was under age 17 at December 31. The credit, which reduces your tax dollar-for-dollar, is partly refundable but phases out as your income rises.

* Education benefits. The above-the-line deduction for higher education tuition and related expenses can reduce the amount of your income subject to tax by up to $4,000. In addition, you can also claim the American Opportunity Tax Credit, a credit of up to $2,500. Both the deduction and the credit are subject to phase-outs as your income rises.

* State and local sales tax deduction. If you itemize, you can choose to deduct either the amounts you paid during the year for state and local income taxes, or your total state and local sales taxes.

* Depreciable property. Under code Section 179, you can expense most types of otherwise depreciable real and personal property used in your business. For 2015, the maximum amount you can expense is $500,000 of the cost of qualifying property you placed in service during the year. The $500,000 is reduced when the cost of the property exceeds $2,000,000.

* Bonus depreciation. In addition to Section 179, you can benefit from the 50% bonus depreciation deduction for tangible personal property that you purchased and placed in service during 2015.

* Work opportunity credit. Are you an employer? You may be able to claim a credit of up to 40% of first-year wages you pay to workers hired from targeted groups.

These are only a few of the benefits available for 2015. Give us a call for more tax-saving opportunities.

New Business

Is your business social enough?

What's your digital marketing strategy? According to a recent survey by a technology company, email, websites, and social media are the top three marketing tools used by businesses. Lack of an online presence means your company may be missing opportunities to connect with customers. If you're neglecting your Internet marketing, consider outsourcing the task to a virtual assistant, or assigning an employee to handle website maintenance and social media accounts. Still feeling overwhelmed by the idea? Remember that online marketing is a complement to traditional methods of reaching customers. Start small. Even a basic website will help you engage, network, and interact. Let us know if we can help.

Analyze your business balance sheet to reveal planning opportunities

Your company's balance sheet contains the information you need to uncover opportunities for growth as well as trends that can provide planning opportunities. Here are examples of what to look for.

* Current ratio. The current ratio is calculated by dividing current assets by current liabilities. Current assets generally include cash, investments, short-term accounts receivable, inventory, and supplies. Current liabilities include payroll and other short-term payables, as well as current payments on long-term debts such as mortgages or bank loans. These accounts are classified as "current" because you generally expect to convert them to cash or pay them off within a year or during the current business cycle. For example, you might buy inventory on credit and plan to pay suppliers using proceeds from current sales. The rule of thumb: If your company's current ratio is greater than one, you have enough short-term assets to cover short-term obligations. If the number dips below one, your business may be headed for trouble.

On the other hand, if the current ratio is three or above, you could be neglecting profitable investment opportunities. For instance, you might have too much money sitting in a low-interest bank account when the funds could be used to develop a new product line, liquidate long-term debt, or invest in a more lucrative venture.

* Working capital. Subtract current liabilities from current assets to arrive at this number. Like the current ratio, working capital indicates whether your company has enough cash (and short-term assets that can be converted to cash) to meet current obligations. Banks analyze this number because they're reluctant to loan money to a business that can barely cover existing commitments. The greater the amount of working capital, the more likely your company will make payments when due.

* Debt-to-equity ratio. You can calculate the debt-to-equity ratio by dividing total liabilities by total equity (assets minus liabilities). The debt-to-equity ratio indicates whether your company is relying excessively on debt to finance current operations. Like the spendthrift who finances an extravagant lifestyle with credit cards, a business that's heavily leveraged may find itself careening toward bankruptcy. Analyzing this ratio can help you make needed corrections before it's too late. Generally speaking, the lower the percentage, the stronger your company's financial health.

Need help analyzing your company's financial statements? Contact our office.

What's New in Finances

Talking about finances can improve your relationship

With the due date for federal income taxes fast approaching, you may be wondering how you'll pay what you owe, or what you'll do with your refund. Have you discussed your options with your partner?

Or do the two of you avoid talking about financial matters? If your answer to the second question is yes, you're not alone. According to a survey from the American Institute of CPAs (AICPA), financial decisions are a source of tension for 88% of adults between the ages of 25 and 34 who are married or living with a partner. Yet making time for the "money talk" could improve your relationship. The AICPA recommends that couples establish a habit of discussing finances and setting financial goals. Contact us for suggestions about how to get started.

How are your financial choices affected by interest rate changes?

Interest rate changes - even those as small as the one-quarter percentage point increase in December 2015 - can cause a ripple effect throughout the economy. Here are ways financial choices you may make at home and in your business can be affected.

* Savings and debt. As a consumer, you stand to gain from rising interest rates because you'll likely earn a better return on your deposits. On the other hand, the cost of borrowing money may increase. As a result, mortgages, car loans, and credit cards will demand higher interest rates. That's not a big deal if you're already locked into low-interest fixed-rate loans. But if you have a variable rate loan or carry balances on your credit cards, you may find your monthly payments climbing upward.

* Investments. Stock market volatility might increase because rate increases are not completely predictable. Sectors that are less dependent on discretionary income may be less affected. After all, you need to buy gas, clothes, and groceries regardless of changes in interest rates. Staying the course with a well-diversified retirement portfolio is still a prudent strategy. However, you may want to review your investment allocations.

* Business plans. If your company's balance sheet is loaded with variable-rate debt, rising interest rates can affect your bottom line and your plans for growth. As the cost of borrowing increases, taking out loans for new equipment or financing expansion with credit may become less desirable.

Contact our office if you have questions about the impact of interest rate changes on your financial decisions. We're ready to help with planning suggestions and advice.

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anything in the Online Advisor, or for assistance with any of your tax or business concerns, contact our office.