

TaxScriptions

"A Prescription For Tax Relief"



Volume VII Issue I

Featured Articles

[2015 Year End Tax Planning](#)

[Coming Soon From Rosen](#)

[Identity Theft](#)

[3.8% and .9% Surtaxes](#)

[2015 & 2016 Tax Numbers](#)

[Your Lease: Important Things to Know](#)

[Reminders](#)

Looking to Cut Expenses?

Have you had your credit card merchant fees analyzed and is the processor aware of the new HIPPA rules relating to credit cards?

Rosen & Associates, LLP has been able to save our clients thousands of dollars in merchant fees by having them analyzed. Are your rates as low as possible?

For more information email us at info@rosencpagroup.com

Save Some Time

- Streamline your Front Desk
- More time for your Office Manager



Yankee Dental Congress Meeting

January 27 - 31, 2016

Boston Convention & Exhibition Center

Please come by and see us at **Booth 815** to say hello and pick up the latest "**See How You Compare**" booklet (and candy bar).

Mark Rosen, CPA, CFP®, will be speaking Thursday, January 28, 2016 three different times:

10 am - 12 pm on Keys to Buying, Growing and Selling a Practice with Maria Melone of MORR Dental Solutions.

2 pm - 4 pm on Life Cycle Planning: Current Market trends, Practice Ownership and Beyond.

5:30 pm - 7:30 pm on Life after Dental School: Developing a strategy for Success.

Comments from the Corner Office

As the end of the year approaches, it is a good time to think of planning moves that will help lower your tax bill for this year and possibly the next. Factors that compound the challenge include turbulence in the stock market, overall economic uncertainty, and Congress's failure to act on a number of important tax breaks that expired at the end of 2014. Some of these tax breaks ultimately may be retroactively reinstated and extended, as they were last year, but Congress may not decide the fate of these tax breaks until the very end of 2015 (or later).

These breaks include:

Individuals: The option to deduct state and local sales and use taxes instead of state and local income taxes; the above-the-line-deduction



to concentrate on collections

- Less Staff Complaints

With all the new payroll laws changes, a switch to a payroll company to take over the payroll reporting may make sense for your Practice.

For more information please contact your Account Manager.

Don't Miss the
DEADLINE!

December 31, 2015

Individuals:

4th quarter state estimated tax payment due (if not subject to AMT)

January 15, 2016

Individuals:

4th quarter estimated tax payments due for federal and state (if subject to AMT)

February 1, 2016

Businesses:

4th quarter payroll returns due (Forms 940 and 941) W-2s need to be distributed to employees

1099 MISC furnished to recipients

February 16, 2016

Businesses:

Last day for filing W-4 by employees who wish to claim exemption from withholding's

for qualified higher education expenses; and tax-free IRA distributions for charitable purposes by those age 70- 1/2 or older.

Businesses: Tax breaks that expired at the end of last year and may be retroactively reinstated and extended include: 50% bonus first year depreciation for most new machinery, equipment and software; the \$500,000 annual expensing limitation; (Section 179 currently at \$25,000) the research tax credit; and the 15-year write-off for qualified leasehold improvement property.

We have compiled some tax planning items that may help you save on taxes if you act before December 31st. Not all items will apply to your particular situation, but you (or a family member) will likely benefit from many of them.

Please feel free to call us if you have any questions or would like to discuss your tax planning strategies.

Larry

Managing Partner of Rosen & Associates, LLP

2015 Year End Tax Planning

Individuals:

- Maximize Retirement!
- Consider selling capital assets in 2015 that will yield capital losses to offset 2015 capital gains. Depending on your AGI in 2015 gains may be subject to the extra **3.8% Surtax on Unearned Income.**
- To reduce or eliminate estimated tax penalties - increase your withholdings from wages or an eligible rollover distribution from a qualified retirement plan
- Possibly convert your traditional IRA into a Roth IRA if doing so is expected to produce better long-term tax results for you and your beneficiaries but be aware that it could push your AGI above the threshold for the 3.8% tax on unearned income
- Take required minimum distributions (RMD) from your IRA or 401(k) plan (or other employer-sponsored retirement plan) if you have reached age 70 1/2. **Failure to take a required withdrawal can result in a penalty of 50% of the amount not withdrawn**
- Make annual exclusion gifts before year end to save gift tax. You can give \$14,000 in 2015 to an unlimited number of individuals free of gift tax
- Gift appreciated stock to charity
- If covered under a qualifying High Deductible Health Plan (HDDP) you should establish a Health Savings Account (HSA) and fund the maximum tax-deductible contribution to cover future medical expenses. Deduct up to \$3,350 for a single policy and \$6,650 for a family policy in 2015. (Anyone age 55 or older can make additional tax-deductible "catch-up" contributions of \$1,000 each.)



Businesses:

- Businesses should buy machinery and equipment before year end and, under the generally applicable "half-year convention," thereby secure a half-year's worth of depreciation for the first ownership year.

February 29, 2016

Businesses:

File W-2's with Social Security Administration

File Annual 1099's with IRS

March 15, 2016

Businesses:

File Corporate Income Tax Return (Forms 1120, 1120s or 1120-A) OR Corporate Extension Due (Form 7004)

File your Annual Report

April 15, 2016

Individuals:

File Individual Income Tax Returns (Forms 1040, 1040A or 1040-EZ) OR Individual Extension Due (Form 4868)

First Installment of Individual Estimated Tax Due (Form 1040-ES)

Estates and Trusts:

File Fiduciary Tax Return (Form 1041) OR Fiduciary Extension Due (Form 7004)

Businesses:

File Partnership Income Tax Return (Form 1065) OR Partnership Extension Due (Form 7004)

File your Annual Report

May 2, 2016

Businesses:

1st quarter payroll returns due (Form 941)

1st quarter sales tax returns due

- Although the business property expensing option is greatly reduced in 2015 (unless legislation changes this option for 2015), don't neglect to make expenditures that qualify for this option. For tax years beginning in 2015, the expensing limit (Section 179) is \$25,000, and the investment-based reduction in the dollar limitation starts to take effect when property placed in service in the tax year exceeds \$200,000.
- Set up a self-employed retirement plan if you are self-employed and haven't done so yet
- If you are in the market for a heavy SUV (GVW > 6,000 lbs) consider purchasing before 12/31/15, due to a combination of favorable depreciation and expensing rules you may be able to write off a significant amount of the cost of the SUV
- Consider putting your children on the payroll
- Consider using a credit card to prepay business expenses that can generate deductions for this year.
- If your business qualifies for the domestic production activities deduction (DPAD) for its 2015 tax year, consider whether the 50%-of-W-2 wages limitation on that deduction applies. Possibly claim a section 199 manufacturing deduction for the onsite production of crowns, inlays, onlays, and other restorations.
- If you own an interest in a partnership or S corporation, consider whether you need to increase your basis in the entity so you can deduct a loss from it for this year.
- Claim the maximum possible Small Business Health Insurance Tax Credit of up to 50% of premiums paid for staff health insurance coverage purchased through an exchange.

These are just some of the year-end steps that can be taken to save taxes. Contact us and we will tailor a plan that works best for you.

New for 2016 from Rosen & Associates Client Secure Website

In an effort to reduce identity fraud, Rosen & Associates, LLP has created a secure website for each client. The 2015 business and personal tax returns will be placed here instead of being sent by email or U.S (snail) Mail. You will be able to access your secure folder by logging in through our website anytime from anywhere. We are still in the construction stages and expect to have everything completed by February 1st. ***Stay tuned for more information!***

Check our website for up to date information www.rosencpagroup.com and follow on twitter @RosenDentalCPA



Identity Theft

2015 Auto/Truck Depreciation Limits

Qualified Passenger Autos

| <u>Tax Year</u> | <u>Amounts</u> |
|-----------------|----------------|
| 1st Tax Year | \$3,160 |
| 2nd Tax Year | \$5,100 |
| 3rd Tax Year | \$3,050 |
| Thereafter | \$1,875 |

Qualified Trucks and Vans

| <u>Tax Year</u> | <u>Amounts</u> |
|-----------------|----------------|
| 1st Tax Year | \$3,460 |
| 2nd Tax Year | \$5,600 |
| 3rd Tax Year | \$3,350 |
| Thereafter | \$1,975 |

Frequently Asked Questions?

What is the standard business mileage rate for 2015?

57.5 cents per mile

What is the medical care mileage rate for 2015?

23 cents per mile

What is the long-term capital gain rate for 2015?

15% and 20%

Quick Links

Latest News & Events at Rosen & Associates, LLP

[IRS](#)

[Massachusetts](#)
[Department of](#)
[Revenue](#)

Identity theft remains a top priority for the Internal Revenue Service. Identity theft is one of the fastest growing crimes nationwide, and refund fraud caused by identity theft is one of the biggest challenges facing the IRS. The IRS continues to take new steps and strong actions to protect taxpayers and help victims of identity theft and refund fraud.

In the accounting industry an alert that there may have been an Identity Theft is the electronic filing of your individual tax return (e-filing). When accountants e-file tax returns (as required) the tax return will be rejected stating that a tax return has already been filed under that social security number. Usually only the federal tax return is rejected and the state is accepted, as the person who has stolen the identity does not know what state you are from so they did not file a return for the state. When the federal tax return gets rejected and if believed to be an identity theft, you need to file a paper tax return with a form #14039 Identity Theft Affidavit.

The Identity Theft Affidavit notifies the IRS that you believe you have been a victim of Identity theft. The IRS then investigates and you will be notified by them on what to do next. This takes time.

Tips for Taxpayers click on the following link: [IRS - Tips for Taxpayers, Victims about Identity Theft and Tax Return.](#)

We have found the MA Attorney Website to be very helpful with what to do when you believe or have found out you are a victim of Identity Theft. [MA Attorney General - Identity Theft](#)

Here are other states links that have identity theft information as well:

[CT Attorney General - Identity Theft](#)

[NY Attorney General - Identity Theft](#)

[RI - Identity Theft](#)

[ME Attorney General - Identity Theft](#)

[NH - Identity Theft](#)

[VT - Identity Theft](#)

3.8% Surtax on Unearned Income and .9% Surtax on Earned Income

Higher-income taxpayers have continuing concerns to address for this year end tax planning, they will face 3.8% surtax on their investment income and capital gains.

For 2015, (just like for 2014) there is an additional .9% surtax for Medicare on earned income for taxpayers with wages of more than \$200,000 for single filers and \$250,000 for joint filers. For these individuals the Medicare tax paid by the employee will increase from 1.45% to 2.35%. There is no additional .9% surtax for employers.

For the full article please click on the following link: "[3.8 Surtax on Unearned Income and .9% Surtax on Earned Income](#)"

For more information on the Additional .9% Medicare Tax please click on the following link: "[IRS Q&A for Additional Medicare Tax](#)"

Connecticut
Department of
Revenue Services

New Hampshire
Department of
Revenue
Administration

Rhode Island
Division of Taxation

Maine Revenue
Services

Vermont
Department of Taxes

New York State
Department of
Taxation and Finance

Academy of Dental
CPAs

2015 & 2016 Tax Numbers

| | <u>2015</u> | <u>2016</u> |
|--------------------------------------------------|-------------|-------------|
| Annual Def. Contribution Plan Part. Dollar Limit | 53,000 | 53,000 |
| Annual Compensation Limit | 265,000 | 265,000 |
| 401(k) Employee Elective Deferral Limit | 18,000 | 18,000 |
| 401(k) Catch-Up Contribution Age 50 & Over | 6,000 | 6,000 |
| SIMPLE Plan Employee Elective Deferral Limit | 12,500 | 12,500 |
| SIMPLE Plan Catch-Up Contrib. Age 50 & Over | 3,000 | 3,000 |
| IRA (Roth Traditional) Contribution Limit | 5,500 | 5,500 |
| IRA Catch-Up Contrib. Limit Age 50 & Over | 1,000 | 1,000 |
| Federal Lifetime Gift Tax Exclusion | 5.43M | 5.45M |
| Federal Lifetime Estate Tax Exclusion | 5.43M | 5.45M |
| Maximum Federal Estate Tax Rate | 40% | 40% |
| Maximum Federal Gift Tax Rate | 40% | 40% |
| Annual Gift Tax Exclusion Per-Person Gifts | 14,000 | 14,000 |
| Section 179 First-Year Depreciation Limits | 25,000 | 25,000 |
| Social Security Taxable Wage Base | 118,500 | 118,500 |
| Standard Deduction (Single) | 6,300 | 6,300 |
| Standard Deduction (Married Filing Jointly) | 12,600 | 12,600 |
| HSA Contributions (Single) | 3,350 | 3,350 |
| HSA Contributions (Married Filing Jointly) | 6,650 | 6,750 |



Tips For A Faster Individual Tax Return

Complete the Tax Organizer **before March 1st** and send all of the followings documents:

- Bank & Brokerage 1099s
- Settlement statements for purchased or sold house
- Cost basis & date purchased for securities sold
- Mortgage 1098s
- Real Estate & Personal Property Taxes Paid
- Charitable Donations paid
- Form 1099-HC (MA Residents)

Renewing Your Lease: Important Things to know by: Dave Miller of Carr Healthcare Realty

Successfully negotiating a lease renewal is more than bartering, bluffing, or asking for a good deal. Landlords and their professional representatives are in the full-time business of maximizing their profits, even if it means taking advantage of uninformed tenants. You can level the playing field by engaging your own professional representation, gaining competitive market knowledge, and by having multiple options for your office space. When done properly, a well-negotiated lease renewal can have a dramatic impact on your practice's profitability.

To read the full article: [**Renewing You Lease: Important Things to Know**](#)



1. As of 2014 you can no longer reimburse employees for Health Insurance obtained outside the employer group plan with out putting it on their paycheck by adding it to their gross wages.

Phone: (508) 926-2400
Fax: (508) 616-2914
info@rosencpagroup.com

Affiliated Companies



Phone: (508) 475-3830
Fax: (508) 475 3930
info@morrds.com



Phone: (508) 475-3880
Fax: (508) 616-4431
info@ccrwealth.com



Phone: (508) 926-2400
Fax: (508) 616-2914
info@rpqllp.com

2. THE IRS NOT COMMUNICATE VIA E-MAIL!! If you received an email claiming to be the IRS requesting personal information:

- Do not reply
- Do not open any attachments. They may contain a virus that will infect your computer
- Do not click on any links
- Forward the e-mail as is, to the IRS at phishing@irs.gov
- After forwarding, delete original and forwarding email from your email.



Are you 5-10 years away from retirement? Sign up for our complimentary practice valuation and assessment.

Maria is the only Certified Valuation Analyst in New England with a focus in valuing dental businesses. In addition, MORR offers full service brokerage, buyer representation and many other transition related services. MORR's seasoned team has years of experience advising dentists.

Contact Maria G. Melone, CPA, CVA of MORR Dental Solutions, LLC ("MORR"), an affiliate of Rosen & Associates, LLP at (508) 475 - 3830 or mmelone@morrds.com. If you are looking for a practice to purchase please make sure to visit our Website www.morrds.com.

We hope you will stop by and see us at the **Yankee Dental Congress, Booth 817.**



Try it FREE today.