

Gwizdala & Associates

CONSULTANTS & ADVISORS SINCE 1984

Tax time is just around the corner. We wanted to let you know about some changes that may effect you or give you something to think about while another year starts to wind down. The holidays will soon be upon us and the hustle and bustle of that time of year leads us into a new tax season. Now is a great time to contact us to do tax planning before the end of the year or gear up for next year.

The Digital Age

We all know that technology changes with the speed of light now-a-days and everything is digital, including us! Many of you have embraced our efforts to bring you our product in a digital format. This certainly is a secure and convenient way to give you your tax information at your fingertips. Some have been concerned about security. We want to assure you that accessing this information is incredibly secure and we would not stand behind this process of offering your returns in a digital format if we did not trust it.

Many love the convenience of the online access because of winter travel. Tax time shouldn't keep you from traveling to warmer climates. Please make sure we have your current email on file to set you up for online access. We are always available to help if you need assistance getting started. The tax organizers, which helps with the gathering your tax information, can be accessed / filled out online. We plan to offer an electronic newsletter to you also.

Speaking of the digital world... have you visited our website lately? We work hard to bring you lots of useful information and answer FAQs. You can also connect with us on Facebook or LinkedIn.

And since technology is all about staying connected. We can also text appointment confirmations if this is your preferred method of communication. Let us know.

Healthcare Reform

There is a premium tax credit applicable for coverage bought through an exchange. This credit is only applicable to household incomes between \$11,490 to \$45,960 for singles and \$23,550 to \$94,200 for a family of four in 2014. People eligible for Medicare or other federal insurance don't qualify for this credit. Taxpayers who get affordable insurance through their work also do not qualify for this credit. This credit will affect 2014 tax returns. Adults who receive coverage via an exchange must file a tax return with IRS. The exchange will issue Form 1095-A to report the names of all family members with coverage and the amount of monthly premiums and advance credit payments. If you opted to have the credit paid in advance, this will affect your refund or amount due.



Staff Spotlight

Those of you who have worked with our Bloomington office are very familiar with Deb Michalik. Deb has worked with Dick Lidbom for almost 24 years. She has been married to Jared for 18 now. Her daughter Katie attends the U of M in Minneapolis hoping to get

into Grad School next year to major in Physical Therapy. When she isn't wearing many hats at the Bloomington office, she loves to garden, cook, and spend time with her family. She also has a love of travel which led her to take her 78 year old mother to Europe for 2 weeks last Fall. Deb has been an integral part of the productivity of our office.

Useful Figures

2014

Mileage Rates:

Business	56 cents
Medical & Moving	23.5 cents
Charitable Organization	14 cents

IRA Contributions:

Under age 50	\$5,500
Age 50 or older	\$6,500

SEP Contributions:

Employees	25% of wages
Self Employed	20% of net SE income up to \$52,000

401(k):

Under age 50	\$17,500
Age 50 or Older	\$23,000

Standard Deductions:

Single or Married filing Separate	\$6,200
Married Filing Joint	\$12,400
Head of Household	\$9,100

4519 Allendale Drive
White Bear Township, MN 55127
www.tenforty.com
T: 651.772.2202
F: 651-774-5965

Fall 2014 Newsletter

Beware of Telephone Scams

There are still reports of telephone scams claiming to be from the IRS. The calls are targeting taxpayers and immigrants. These calls can be very aggressive. Caller ID even often appears to be legitimately from the IRS and sometimes they send bogus emails appearing to be from an IRS source. The IRS will always send taxpayers a written notification of tax due via the U.S. mail. The IRS will never ask for any credit card information over the phone for payment. These would be tell-tale signs that the calls are bogus. If you are targeted by one of these scams and you know you owe tax, call IRS at 1-800-829-1040. If you know you don't owe tax and you've experienced a scam, call and report the incident to the Treasury Inspector General for Tax Administration at 1-800-366-4484. You should also contact the Federal Trade Commission and use their "FTC Complaint Assistant" at FTC.gov and add "IRS Telephone Scam" to the comments of your complaint.

Fall/Winter Hours

White Bear Office:
Monday – Thursday
8:30am – 5pm
Fridays
8:30am – 3pm

Remember, we have a locked drop box to the right of our door.

Bloomington
Office Hours
Monday – Thursday
9am – 4pm
Fridays - Closed

The Power of Referrals

We know that referrals are much more powerful than any marketing campaign which is why we appreciate the thoughtfulness of your referrals to friends and businesses. We want you to know that we also refer our clients to those seeking services that we think will be a good fit. Thank you for your continued support.

Cancellation of Debt & What it Means for You

If a lender discharged all or a portion of your debt, you may owe income tax on the discharged amount. Some of these forgiven debts may be taxable income even if you have not received the money in your hand. Generally, if a lender canceled \$600 or more of your debt, the lender will have to issue you and the IRS a Form 1099-C showing the amount of canceled debt. Even if you are issued a 1099-C, you may be able to claim an exclusion from income. Please call us to discuss options.

Repairs vs Improvements for Rental Properties

It is very important to know the difference between improvements and repairs for a rental property. These differences can have varying tax implications and appreciation effects. The full cost of repairs can be deducted on your taxes in the tax year that the repair was completed. Improvements can also be deducted, but the full value cannot be deducted in the year in which they occur because improvements add value in subsequent years. IRS has recently issued new guidelines for determining repairs versus improvements. Contact your accountant if you need some clarification on what may be considered a repair or an improvement.

Importance of Substantiated Employee Expense Record Keeping

It is not enough to keep notes on a calendar to substantiate business expenses. If you do not follow the strict substantiation requirements, your reimbursements could be thrown out in an audit. A taxpayer who was employed as an outside direct sales representative, used his truck to meet with clients. The only record keeping the taxpayer used was making notes on his calendar which did not comply with the IRS requirements of IRC Sec. 274(d). Ask us how to protect your deductions.

Inherited IRAs not Protected in Bankruptcy

The U.S. Supreme Court ruled that inherited IRAs do not have the same characteristics as other types of IRAs for three reasons. First, additional contributions cannot be made to the inherited accounts. The second reason is that the beneficiary is required to make withdrawals regardless of how many years away from retirement they are. The last reason is that money can be withdrawn from these accounts at any time for any reason while avoiding the 10% early withdrawal penalty. For these reasons, an inherited IRA is not protected in a bankruptcy situation.