

# Taxing Solutions

GEORGE H. HERRO  
CERTIFIED PUBLIC ACCOUNTANT, S.C.

Business & Tax Advisors



Volume 10 : Issue 1 Winter 2014

a periodic newsletter for the clients and friends of George H. Herro, CPA, S.C.

George H. Herro, CPA, S.C.  
P.O. Box 430  
Germantown, WI 53022

p 262 255-2161  
f 262 255-9930

[www.herrocpa.com](http://www.herrocpa.com)

george@herrocpa.com  
victor@herrocpa.com  
jenny@herrocpa.com

## Tax Season Hours

(starting Jan. 27)

Monday- Friday

8:30 a.m. - 5:30 p.m.

Saturdays (starting Feb. 8)

9:00 a.m. - noon

Also available by appointment.

## Important Dates to Remember

**Jan. 15, 2014** – 4th quarter 2013 federal and state estimated tax payment due

**Jan. 31, 2014** – Dec. 2013 and/or 4th quarter sales tax due; Dec. 2013 state withholding due; 4th quarter 2013 payroll tax reports due - including W-2 and 1099 forms

**Feb. 28, 2014** – Jan. 2014 sales tax due; Jan. 2014 state withholding due

**March 15, 2014** – 'C' & 'S' 2013 calendar year corporate income tax returns due

**March 31, 2014** – Feb. 2014 sales tax due; Feb. 2014 state withholding due

**April 1, 2014** – Individual extensions prepared for 2013 year

**April 11, 2014** – Our last day to Efile; OFFICE CLOSES - reopens April 16

**April 15, 2014** – Individual 2013 income tax returns due; 1st quarter 2014 federal & state estimated tax payment due

## From George's Desk

Well, here we are again....the end of another year. Seems like life will not slow down; so much to do and not enough time to stop and relax. Do you know the feeling?

The new Affordable Health Care Act is on everyone's mind. For some, the impact will start to be felt on their 2013 tax returns in the form of higher taxes. For some businesses, tough decisions will need to be made regarding which employees will be covered by health insurance and by how much. And others do not know what to think and are not doing anything. Time will tell how this new way of life will effect all of us.

The new year promises to be eventful and exciting. Are you ready? From all of us here, we wish you warm holiday greetings, a prosperous New Year, and much happiness in 2014!



*George*

## Tax Season Update

- Tax organizers will be mailed to those who filled them out last year starting Jan. 13, 2014. Contact us if you would like one.
- The IRS has announced a delay of approximately one to two weeks to the start of the tax filing season, which means they will start accepting and processing tax returns sometime between Jan. 28th and Feb. 4th.
- Business vehicle mileage log ALONG WITH receipts for donations over \$250 are a must! We will ask to review them in order to support any deduction.
- Did you sell any stock this year? If so, please gather how much you paid for it to help us determine if you have a realized gain or loss.
- Do you have a child in college? Statements from school normally do not cover everything paid during the year. Compile your own listing of expenses paid for the year.
- Don't forget to gather receipts for meals and entertainment for those wishing to take this deduction. Make sure you document who, what, why, where and when.
- Did you have debt forgiven in 2013? Did your credit card company forgive part of your balance? If so, wait for a 1099-COD in the mail. That amount is taxable, UNLESS you meet certain exceptions.
- Do you have a foreign bank account or interest in property overseas? If you do, we need to file new IRS forms to let them know what you have.
- A note on work clothes, rules state you can only claim a deduction for clothes that are NOT suitable for outside wear. Blue jeans do not count.
- Please remember church raffle tickets are NOT deductible.
- Make sure to provide us with all OUT-OF-STATE OR INTERNET purchases on which you did NOT pay sales tax. We will need to add the tax to your state return.
- Did you move this year? Were you blessed with a new child? Did your child start college? Did you retire this year? Any other major life changes this year? Please let us know. Some or all could have a tax impact.
- **To help with our work-load, any tax returns dropped off after March 31, 2014 will be put on extension. Thank you for your understanding.**

## New for 2014

- Annual gift exclusion will remain at \$14,000.
- Make sure to check out the IRS.gov to help determine if you are having enough withheld on your paycheck. They have a really good W-4 calculator.
- The Affordable Health Care Act is in full swing. Currently, there is NO talk to reduce or eliminate the 3.8% Medicare tax imposed on NET INVESTMENT INCOME, NOR is there discussion of removing the NEW 0.9% Medicare tax applying to WAGES AND SELF-EMPLOYED income exceeding specific dollar amount. ALSO, PERSONAL EXEMPTIONS AND ITEMIZED DEDUCTIONS CONTINUE TO BE limited due to income. What does this mean to you? MORE TAXES! Tax planning throughout the year is a must.
- 2014 mileage rate is 56.0 cents per business mile driven.
- 2014 Social Security wage base will be \$117,000.
- All businesses must examine their health care offered to employees to be in compliance with the new Affordable Health Care Act. The government extended the business mandate to Jan. 1st which means any business that is impacted needs to have something in place for 2014 or experience a penalty.
- Any business that has a flexible reimbursement account, medical reimbursement plan or any other medical reimbursement plan is NOW subject to a self imposed excise tax starting Jan. 1st.
- Health Savings Account (HSA) annual contributions is \$3,350 for single plans and \$6,550 for family coverage. For those who have a HSA and are also over 55, you can add up to an extra \$1,000 'catch-up' into your account.
- Remember to take your RMD (required minimum distribution) in 2014.

## Wisconsin News

- The state is asking all that use their 'My Tax Account' to update their web browser to be compatible with their system. Check out their website to find out how.
- Beginning Jan. 1, 2014, employers and other persons who make payments that must be reported on federal forms W-2, 1099-R or 1099-MISC must also submit these forms to the state regardless of whether Wisconsin tax has been withheld.
- For tax years beginning Jan. 1, 2013, individual and fiduciary tax rates have been reduced. The state has announced they will not update their withholding tables and suggest employees adjust their exemptions and or filing status using federal form W-4 or Wisconsin's WT-4A to reduce withholding amounts if needed.
- The state eliminated for individuals, estates, trusts and partnerships the Economic Development surcharge for tax years beginning Jan. 1, 2013. It remains in effect for 'C' and 'S' corporations.
- The state of Wisconsin will NOT follow NEW federal tax rules for the new Defense of Marriage Act (DOMA) passed into law this year. Same-sex couples that have been legally married can file a FEDERAL married filing joint or separate return for tax years beginning Jan. 1, 2013. Since Wisconsin does not recognize same-sex unions, each individual must file a single or head of household return AND will be required to file a NEW Schedule S with their state returns to allocate income that was combined on their federal returns.
- The revenue department is also increasing its efforts to detect fraud in areas of pre-refund identity verification, income tax and refundable credit fraud. The state had implemented various new initiatives to help with this growing problem.

## Firm News

- Our lower level remodeling project is complete and we would love to show you around when you stop in.
- Our part-time tax preparer Rod Rodgers retired after seven years with us. I hope you had a chance to talk or meet him. He will be replaced by Kim Kotterman this year. Kim has many years of tax experience and is an Enrolled Agent here in Germantown. He will be an excellent addition to our team.
- When you look at your return this year you will notice a change at the bottom of page two of the federal form 1040. You will see the preparing firm of STRATEGIC ALLIANCE CPA, LLC. Do not be alarmed. This is our new company that we formed to purchase our tax software. Our firm name of George H. Herro, CPA, S.C. will NOT change.
- Please tell us how we are doing. Each year we work on being more and more efficient with our processes and also use of technology. We welcome all suggestions.
- We are accepting new clients. Year in and year out, our biggest influx of new clients comes from word of mouth. Please invite your family and friends to try our excellent service. We truly appreciate your trust in us. Thanks.