

A Blueprint for Tax Success

Presented By:

Michael D. Koppel, CPA, PFS



*Our clients design and build the world around us.
We help them build successful practices.*

GG&G
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CERTIFIED PUBLIC ACCOUNTANTS
VISION • DIRECTION • SUCCESS

Welcome!



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Today's Presenter



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PPACA

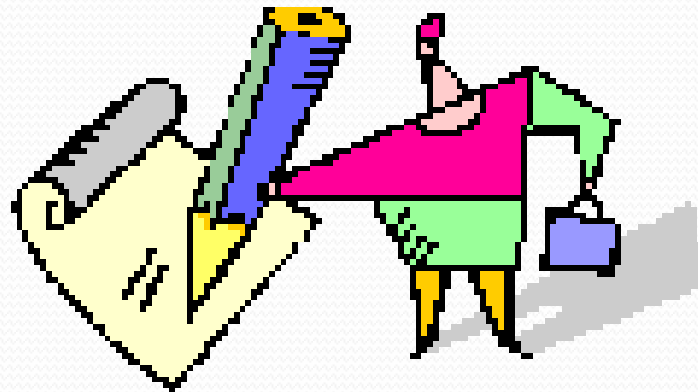
LARGEST TAX LAW CHANGE

IN 20 YEARS



NEEDED REGULATIONS:

IRS
DOL



HIGH INCOME INDIVIDUALS

SINGLE AGI - \$200,000

MFJ AGI - \$250,000



EARNED INCOME

.9%

\$86.8 BILLION OVER 10 YEARS



**LESSER OF INVESTMENT INCOME
OR AMOUNT IN EXCESS OF
“HIGH INCOME”
\$123.4 BILLION OVER 10 YEARS**



INCOME FROM PASSIVE ACTIVITIES

IRC 469

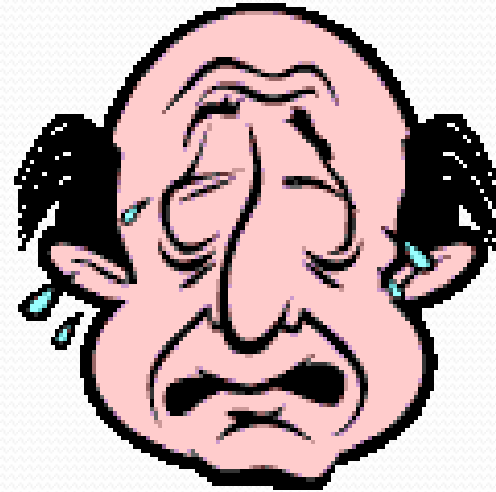
PARTNERSHIPS

S-CORPS



3.8%

- **INTEREST**
- **DIVIDENDS**
- **RENTS**
- **ROYALTIES**
- **ANNUITIES**



JTC EXPLANATION

Investment income is the sum of
(i) gross income from interest,
dividends, annuities, royalties, and
rents (**other than income derived
from any trade or business to which
the tax does not apply**)

GAIN ON SALE

NET GAIN FROM SALE OF PROPERTY
*OTHER THAN PROPERTY HELD IN
TRADE OR BUSINESS THAT IS NOT
PASSIVE*





In the case of the disposition of a partnership interest or stock in an S corporation, gain or loss is taken into account only to the extent gain or loss would be taken into account by the partner or shareholder if the entity had sold all its properties for fair market value immediately before the disposition.

TRUSTS DO NOT ESCAPE

**LESSER OF:
UNDISTRIBUTED INVESTMENT INCOME
& AMOUNT OVER
HIGHEST TAX BRACKET (\$12,000)**



W-2 REPORTING OF EMPLOYER PROVIDED HEALTH INSURANCE FOR BUSINESSES WITH MORE THAN **250 W-2s**



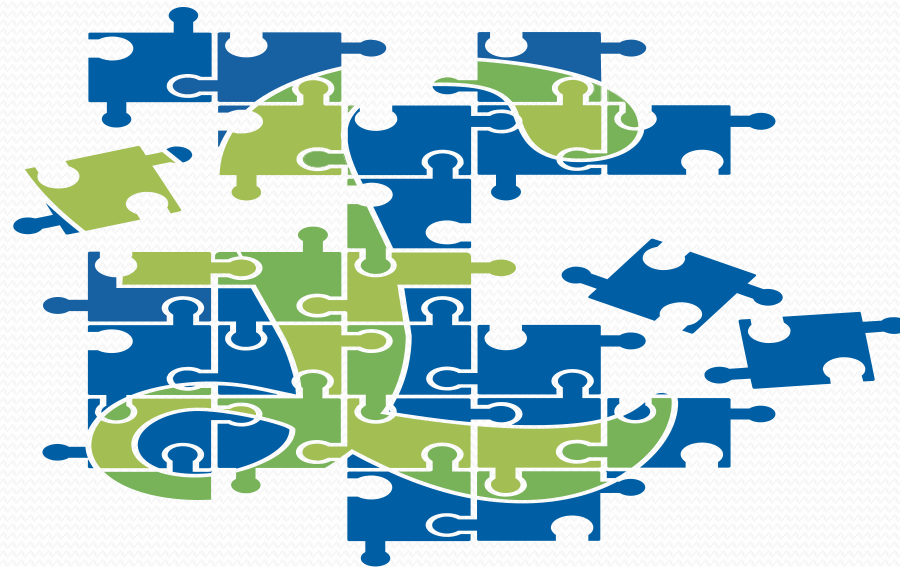
Form W-2 Reporting of Employer-Sponsored Health Coverage

Coverage Type	Form W-2, Box 12, Code DD		
	Report	Do Not Report	Optional
Major medical	X		
Dental or vision plan not integrated into another medical or health plan			X
Dental or vision plan which gives the choice of declining or electing and paying an additional premium			X
Health Flexible Spending Arrangement (FSA) funded solely by salary-reduction amounts		X	
Health FSA value for the plan year in excess of employee's cafeteria plan salary reductions for all qualified benefits	X		
Health Reimbursement Arrangement (HRA) contributions			X
Health Savings Arrangement (HSA) contributions (employer or employee)		X	
Archer Medical Savings Account (Archer MSA) contributions (employer or employee)		X	
Hospital indemnity or specified illness (insured or self-funded), paid on after-tax basis		X	
Hospital indemnity or specified illness (insured or self-funded), paid through salary reduction (pre-tax) or by employer	X		
Employee Assistance Plan (EAP) providing applicable employer-sponsored healthcare coverage	Required if employer charges a COBRA premium		Optional if employer does not charge a COBRA premium
On-site medical clinics providing applicable employer-sponsored healthcare coverage	Required if employer charges a COBRA premium		Optional if employer does not charge a COBRA premium
Wellness programs providing applicable employer-sponsored healthcare coverage	Required if employer charges a COBRA premium		Optional if employer does not charge a COBRA premium
Multi-employer plans			X
Domestic partner coverage included in gross income	X		
Governmental plans providing coverage primarily for members of the military and their families		X	
Federally recognized Indian tribal government plans and plans of tribally chartered corporations wholly owned by a federally recognized Indian tribal government		X	
Self-funded plans not subject to Federal COBRA			X
Accident or disability income		X	
Long-term care		X	
Liability insurance		X	
Supplemental liability insurance		X	
Workers' compensation		X	
Automobile medical payment insurance		X	
Credit-only insurance		X	
Excess reimbursement to highly compensated individual, included in gross income		X	
Payment/reimbursement of health insurance premiums for 2% shareholder-employee, included in gross income		X	
Other Situations	Report	Do Not Report	Optional
Employers required to file fewer than 250 Forms W-2 for the preceding calendar year (determined without application of any entity aggregation rules for related employers)			X
Forms W-2 furnished to employees who terminate before the end of a calendar year and request, in writing, a Form W-2 before the end of that year			X
Forms W-2 provided by third-party sick-pay provider to employees of other employers			X

EMPLOYER MANDATE

“PAY OR PLAY”

THERE IS STILL A LOT WE DO NOT KNOW



REQUIRED FOR BUSINESSES

WITH 50 OR MORE FTE

RELATED PARTIES COUNT



SHARED RESPONSIBILITY PENALTY

- **MINIMUM ESSENTIAL COVERAGE** and
- **PAY NO MORE THAN 9.5% OF INCOME**

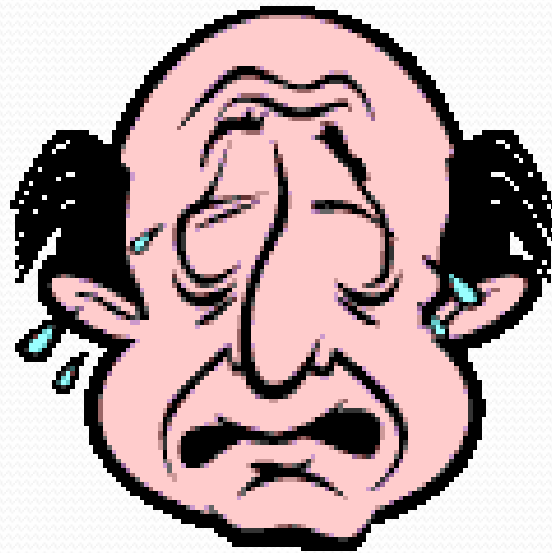


PENALTY

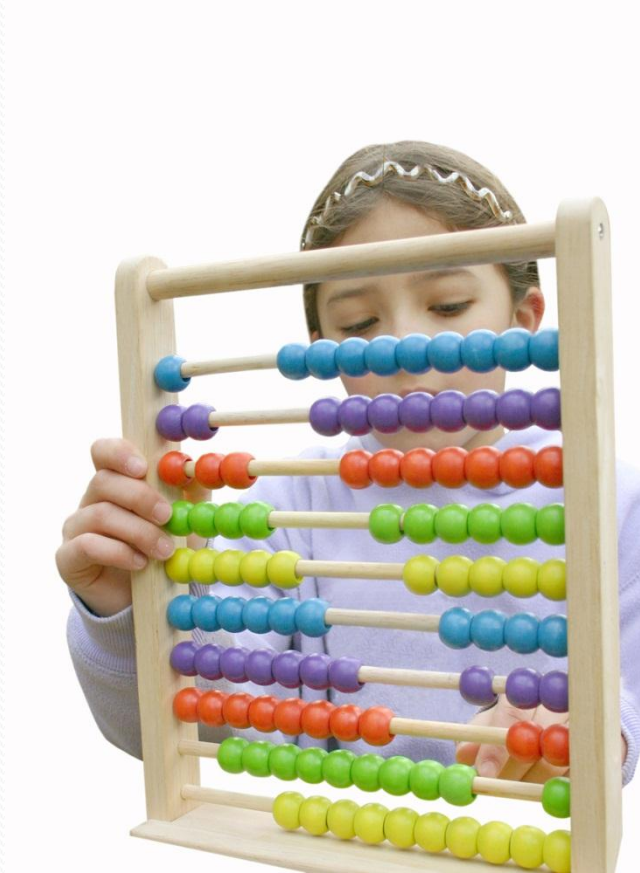
- **\$2,000 PER FULL TIME EMPLOYEE**
- **30 HOURS PER WEEK**
- **1ST 30 EMPLOYEES FREE**



NOT TAX DEDUCTIBLE!



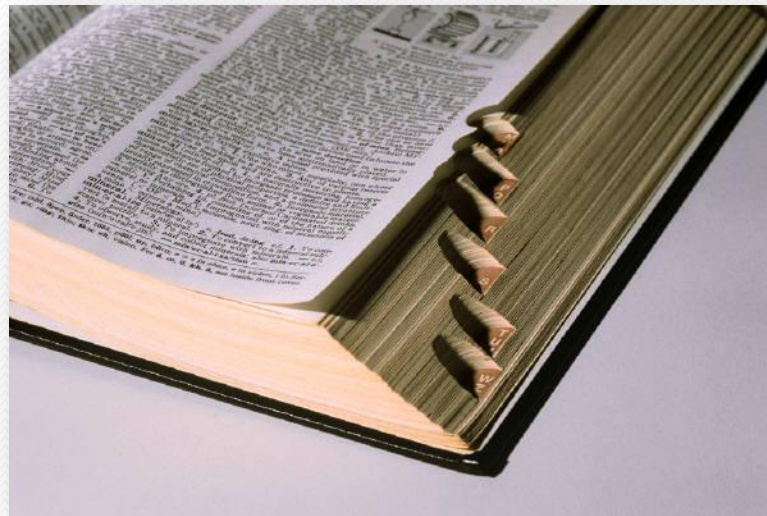
EXPOSURE ESTIMATOR



NEW REPAIR RULES

**PROPOSED AND
TEMPORARY REGULATION**

WHAT DOES THIS MEAN?



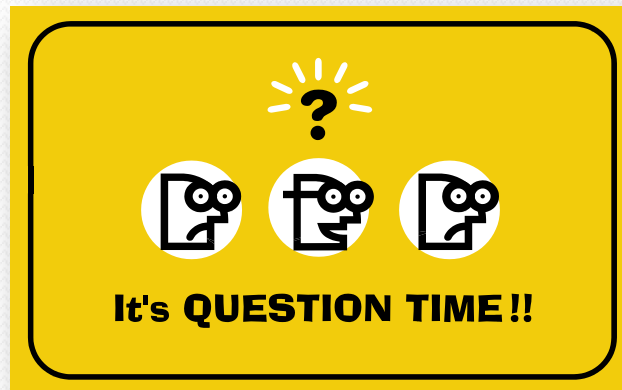
WHY IS THIS IMPORTANT?

Decrease in IRC §179

Decrease in bonus depreciation

Loss of 15 year life –

LHI, restaurants & retail



MORE LIKELY TO REQUIRE CAPITALIZATION



DISPOSITIONS?

IMPORTANCE OF SEGREGATION!





**SAME COST
SEGREGATION STUDY**

TANGIBLE PERSONAL PROPERTY

ALL COMPONENTS THAT ARE
FUNCTIONALLY INTERDEPENDENT



CHANGE IN ACCOUNTING METHOD



MATERIALS & SUPPLIES

\$100 DE MINIMIS DEFINITION OF MATERIALS AND SUPPLIES



Form **8275-R**

(Rev. August 2008)

Department of the Treasury
Internal Revenue Service

Name(s) shown on return

Regulation Disclosure Statement

Use this form only to disclose items or positions that are contrary to Treasury regulations. For other disclosures, use Form 8275, Disclosure Statement. See separate instructions.

▶ Attach to your tax return.

OMB No. 1545-0080

Attachment
Sequence No. **92A**

Identifying number shown on return

Part I General Information (see instructions)

(a) Regulation Section	(b) Item or Group of Items	(c) Detailed Description of Items	(d) Form or Schedule	(e) Line No.	(f) Amount
1					
2					
3					
4					
5					
6					

Part II Detailed Explanation (see instructions)

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Part III Information About Pass-Through Entity. To be completed by partners, shareholders, beneficiaries, or residual interest holders.

Complete this part only if you are making adequate disclosure for a pass-through item.

Note: A pass-through entity is a partnership, S corporation, estate, trust, regulated investment company (RIC), real estate investment trust (REIT), or real estate mortgage investment conduit (REMIC).

1 Name, address, and ZIP code of pass-through entity	2 Identifying number of pass-through entity
	3 Tax year of pass-through entity / / to / /
	4 Internal Revenue Service Center where the pass-through entity filed its return



ARE YOU A GAMBLER?



GIFTING

RULE 1



Personal

Estate

Inventory





Sharing a vision and providing direction so our clients can achieve success.



ARCHITECTURE, ENGINEERING & DESIGN

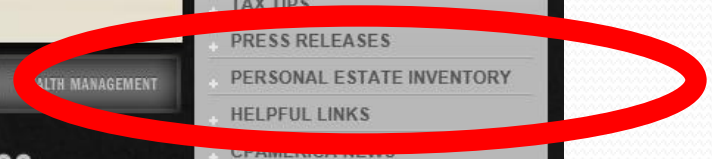
WE KNOW YOUR BUSINESS! OUR CLIENTS DESIGN AND BUILD THE WORLD AROUND US. WE HELP THEM BUILD SUCCESSFUL PRACTICES.

SERVICES

- + AUDITING AND ACCOUNTING
- + TAX STRATEGY AND COMPLIANCE
- + BUSINESS CONSULTING
- + MERGERS AND ACQUISITIONS
- + SUCCESSION PLANNING

RESOURCES

- + ARTICLES
- + TAX TIPS
- + PRESS RELEASES
- + PERSONAL ESTATE INVENTORY
- + HELPFUL LINKS
- + CPAMERICAN NEWS
- + RECORD RETENTION GUIDES



NEWS & EVENTS

Oct 03, 2012
Register for Gray, Gray & Gray's 25th Annual Year-End Tax Seminar

Attendance at our 25th Annual Year-End Tax Seminar is FREE but seating is limited! Register Now!....

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Gray University Seminar Series

Register for Gray University: workshops providing practical education today for tomorrow's family business leaders....

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Oct 02, 2012
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WHAT ARE YOU MISSING?

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Gray, Gray & Gray is the accounting firm that delivers a comprehensive scope of services that provides timely, accurate information and guidance that allows you to make the best decisions for your business and your life. By sharing in your vision of the future we are able to provide knowledgeable direction that leads to your success.

What are you missing from your accountant? Let us show you all that

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SIGN UP FOR OUR NEWSLETTER AND RECEIVE TAX TIPS, EVENT INVITATIONS, IMPORTANT REMINDERS AND MORE.

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VIEW ARCHIVES

2012 LIFETIME EXCLUSION

\$5,120,000

2012 MAXIMUM RATE

35%

2013 LIFETIME EXCLUSION

\$1,000,000 (indexed for inflation)

2013 MAXIMUM RATE

55%

PRESIDENT'S PROPOSAL

**\$3.5 MILLION
ESTATE EXCLUSION**



45%

**GIFT EXCLUSION - \$1,000,000
AND PORTABILITY?**

DISCOUNTS

MINORITY INTEREST

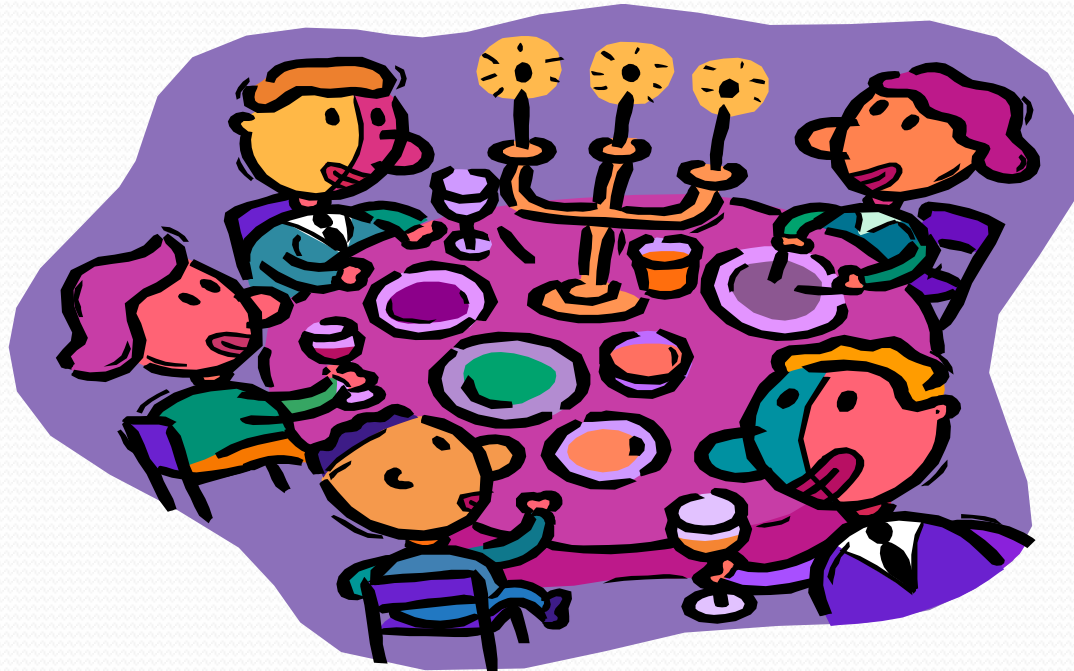
LACK OF CONTROL



GENERATION SKIPPING TAX



DYNASTY TRUST



Wandry v. Comr., T.C. Memo 2012-88
Petter v. Comr., T.C. Memo. 2009-280



STATE ESTATE TAX



EXPIRED & EXPIRING TAX PROVISIONS



TAX REFORM?



RESEARCH & DEVELOPMENT CREDITS

DESIGN THROUGH STARTUP
ABILITY TO USE CREDITS

TIER 1 ISSUE



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Save the Date!

Next Webinar:

Year-End Reporting Done Right!

Thursday, December 6th at 2:00EST

www.gggcpas.com (AED)

to register!

Questions?



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Disclaimer

The contents of this webinar intended for educational purposes only.

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Michael D. Koppel, CPA, PFS is a Certified Public Accountant in Massachusetts and is a partner at Gray, Gray & Gray, LLP.

Contact Us



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