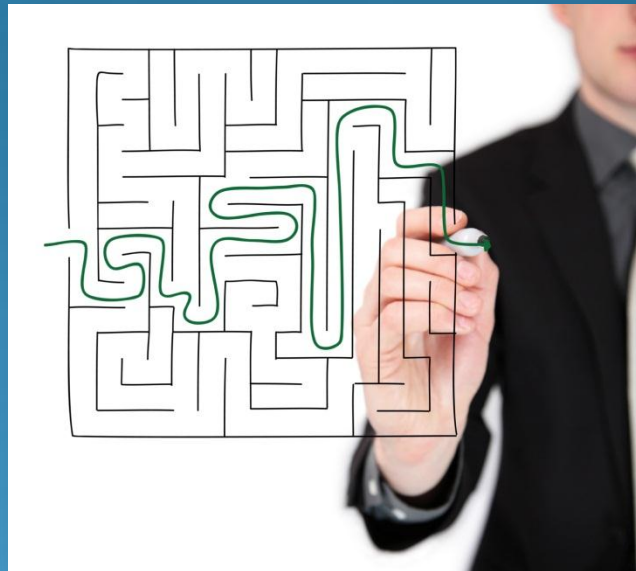


# 2012 Year-End Tax Planning

How do you plan without knowing the rules?



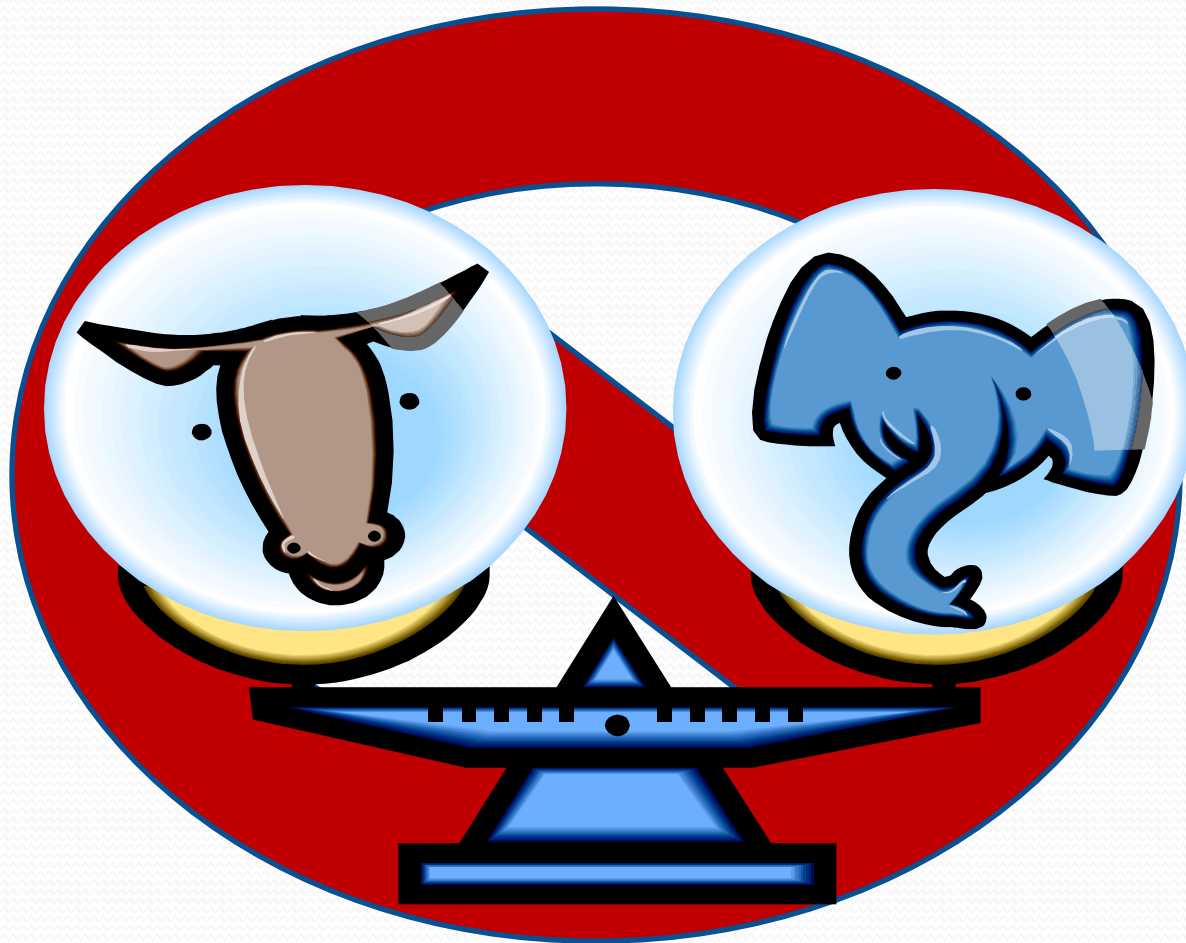
Presented By  
Michael D. Koppel, CPA, MBA, PFS, CITP



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# Don't let the tax tail wag the economic dog!





# BUSINESS GIFTS

**\$25**



# 1099

- \$600
- PENALTIES
- \$450,000,000,000 ANNUALLY

# WORKER CLASSIFICATION

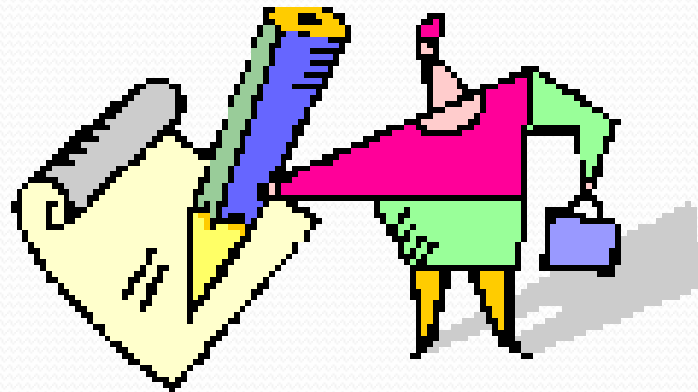


# PPACA LARGEST TAX LAW CHANGE IN 20 YEARS



# NEEDED REGULATIONS:

IRS  
DOL



# HIGH INCOME INDIVIDUALS

**SINGLE AGI - \$200,000**

**MFJ AGI - \$250,000**



**AGI**

**NUMBER ON BOTTOM OF PAGE 1**

**BEFORE EXEMPTIONS &  
DEDUCTIONS**



# EARNED INCOME

**.9%**

**\$86.8 BILLION OVER 10 YEARS**

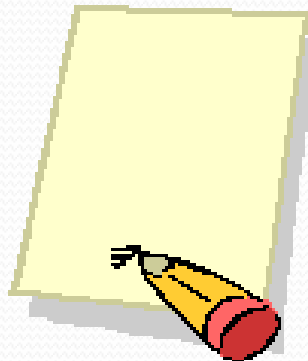


# S CORPORATION



# PARTNERSHIPS

- SPOUSES TREATED THE SAME
- IMPORTANCE OF CLASSIFICATION  
ON 1065
- BIFURCATION
- GUARANTEED PAYMENT
- REAL ESTATE PROFESSIONAL



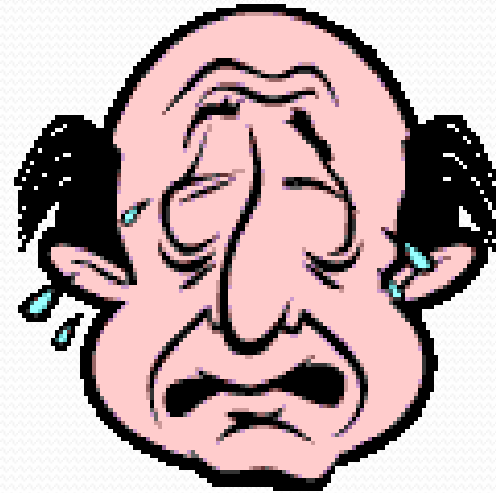
# LESSER OF INVESTMENT INCOME OR AMOUNT IN EXCESS OF “HIGH INCOME”

**\$123.4 BILLION OVER 10 YEARS**



# 3.8%

- INTEREST
- DIVIDENDS
- RENTS
- ROYALTIES
- ANNUITIES



# ACTIVE vs. PASSIVE



# GAIN ON SALE

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



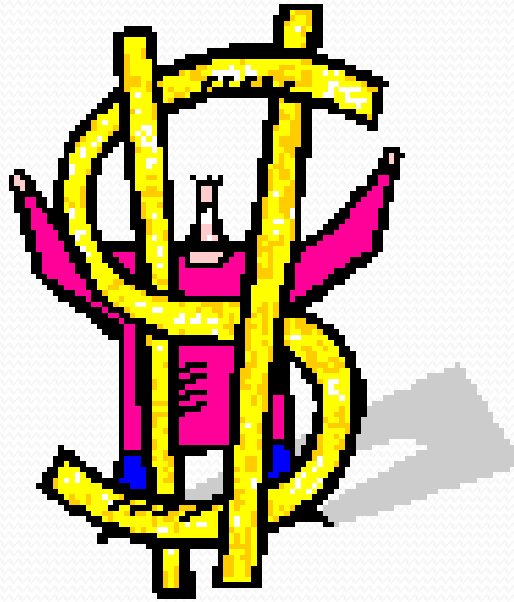
**In the case of the disposition of a partnership interest or stock in an S Corporation, gain or loss is taken into account only to the extent gain or loss would be taken into account by the partner or shareholder if the entity had sold all its properties for fair market value immediately before the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

# CAPITAL GAIN HARVESTING?



## WASH SALES

# INSTALLMENT SALES TRAP



# ROTH IRA ?



# 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	
<b>Other Situations</b>	<b>Report</b>	<b>Do Not Report</b>	<b>Optional</b>
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

[http://www.gggcpas.com/ggg/file/W-2\\_explained\\_12\\_proof.pdf](http://www.gggcpas.com/ggg/file/W-2_explained_12_proof.pdf)

# **MEDICAL DEDUCTION RAISED to 10% FROM 7.5% EXEMPTION FOR THOSE 65 OR OLDER**



# **40% TAX ON CADILLAC PLANS (2018) PAID BY INSURANCE COMPANY**



# **FLEXIBLE SPENDING ARRANGEMENT** **(FSA) CONTRIBUTION** **LIMITED TO \$2,500**



# Patient-Centered Outcomes Research Institute (PCORI) Fee

**\$2 PER AVERAGE COVERED LIFE**

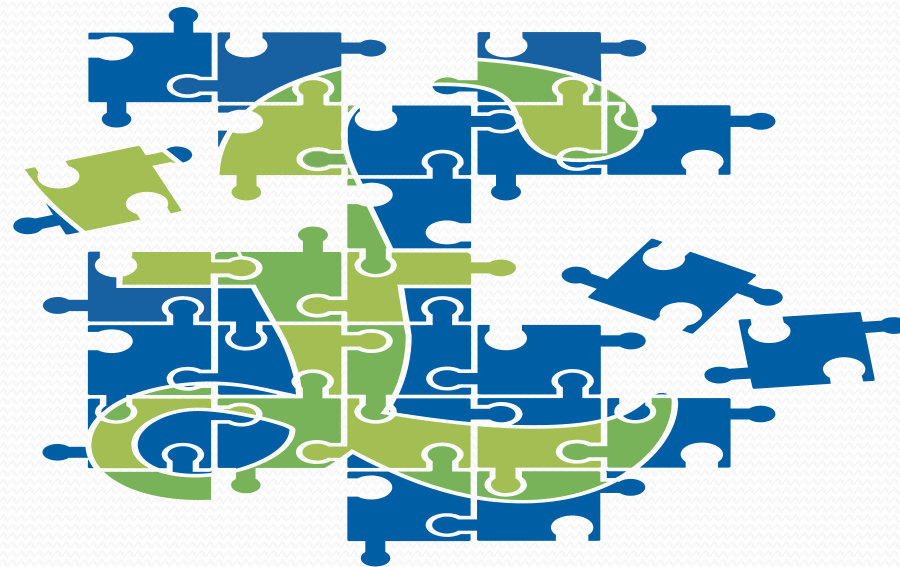
**EFFECTIVE YEARS ENDING AFTER 9/30/12**



# EMPLOYER MANDATE

**“PAY OR PLAY”**

**THERE IS STILL A LOT WE DON'T KNOW**



**REQUIRED FOR BUSINESSES  
WITH 50 OR MORE FTE**

**RELATED PARTIES COUNT**





# MINI-MED PLANS

# SHARED RESPONSIBILITY PENALTY

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

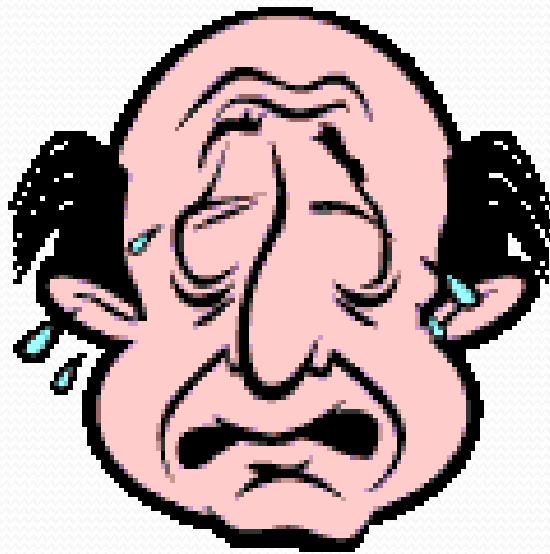


# PENALTY

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



# NOT TAX DEDUCTIBLE!



**EMPLOYER FAILS TO OFFER  
INSURANCE THAT EQUALS AT  
LEAST 60% OF COVERED  
EXPENSES OR EMPLOYEE HAS TO  
PAY MORE THAN 9.5% OF INCOME  
AND AT LEAST 1 EMPLOYEE GETS  
PREMIUM CREDIT IN EXCHANGE**

**\$3,000 PER EMPLOYEE  
THAT RECEIVE CREDIT  
NOT TO EXCEED OTHER PENALTY**



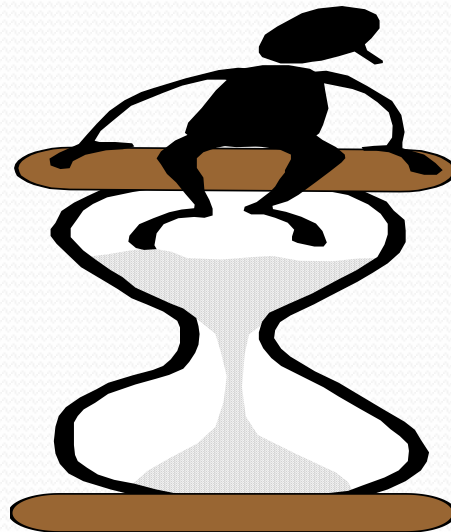
# EXPOSURE ESTIMATOR



# NEW REPAIR RULES

## 2014

### EARLY ADOPTION ALLOWED



# ARE YOU A GAMBLER?





# GIFTING

# RULE 1



# Personal Estate Inventory





**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



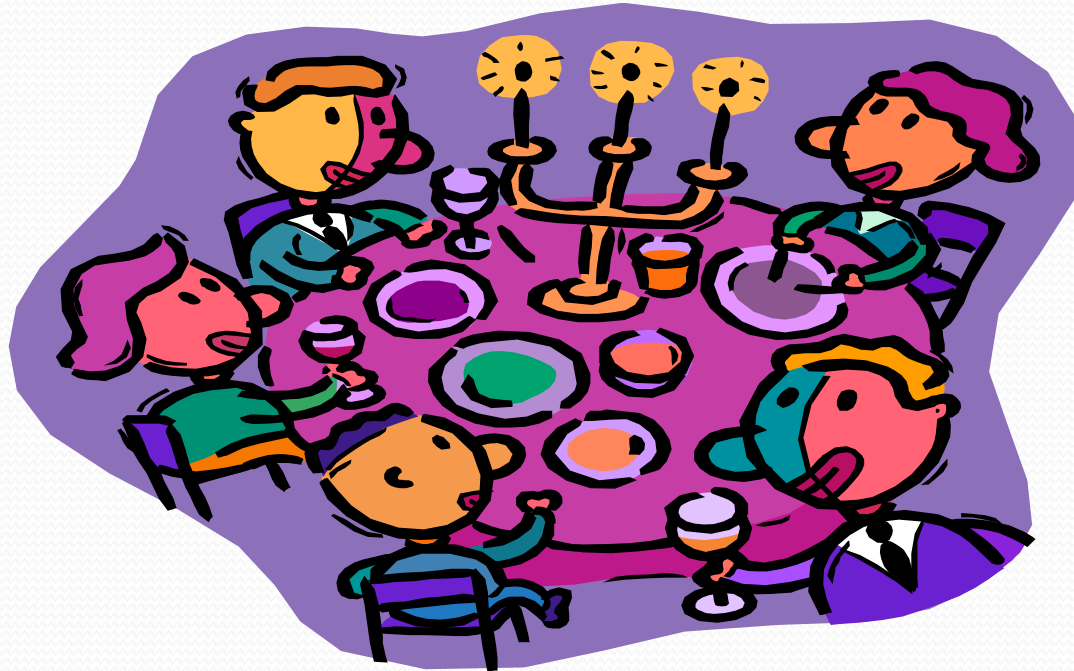
# Intentionally Defective Grantor Trusts



# Generation Skipping Tax

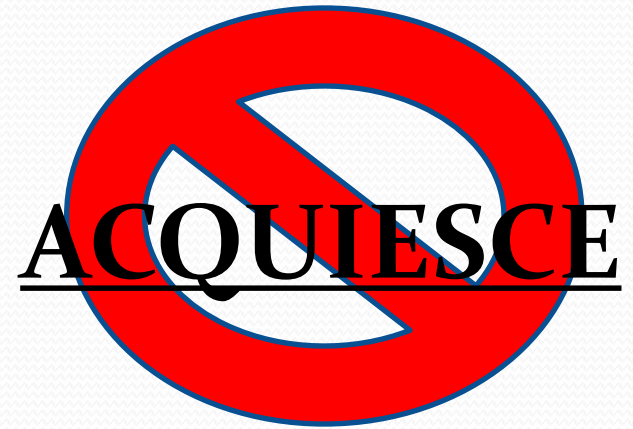


# Dynasty Trust



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





# RECIPROCAL TRUSTS



# EXPIRED & EXPIRING TAX PROVISIONS



<https://www.jct.gov/publications.html?func=startdown&id=4383>

# TAX REFORM?



# DEFENSE OF MARRIAGE ACT



# NONINTEREST-BEARING TRANSACTION ACCOUNTS



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# Questions



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

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