



Year-End Planning 2013

Presented By:

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Today's Presenter



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POLITICS



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



Pay attention!



- Who qualifies as rich?
- The new marriage penalties
- Maximum effective marginal tax rate
- What is hanging over your head?



Why is this so important?



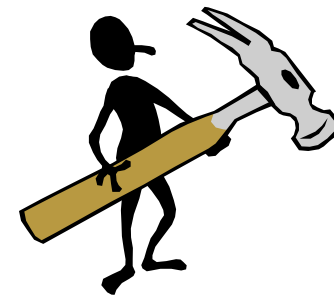
- 179
- Bonus depreciation
- 15 year depreciation
- Other extenders / business / personal



Repair Regulation



- Effective years beginning on or after 1/1/14
- Major change in what must be capitalized
- De Minimis rules
 - AFS and capitalization policy
 - Capitalization policy only
 - Neither



Annual elections to be made



- Di minimis
 - With AFS
 - No AFS
 - Nothing
- Partial disposition



Repair Regulation



- Small business improvement exemption
 - \$10,000,000 in revenue
 - \$10,000 or 2% of unadjusted basis in property
- Real estate exemption

Repair Regulation

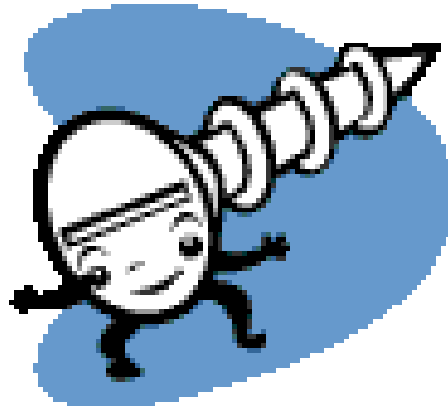


- Accounting method changes
- And other information still to come

Repair Regulation



Applicable Financial Statement



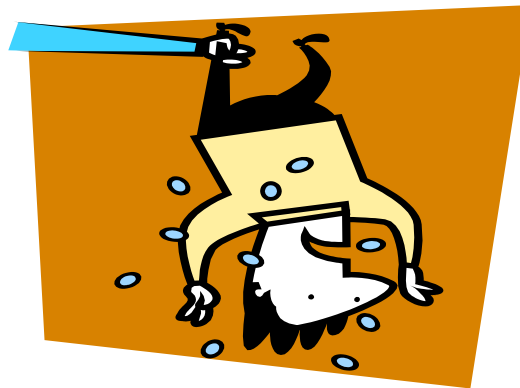
Net Investment Income



Net Investment Income



3.8% surtax



Net Investment Income



- MAGI
- Single \$200,000
- MFJ \$250,000



Net Investment Income



- Interest
- Dividends
- Rents
- Royalties
- Annuities
- Certain capital gains



Net Investment Income



Self-charged rent/interest



Net Investment Income



Trusts need new attention



Net Investment Income



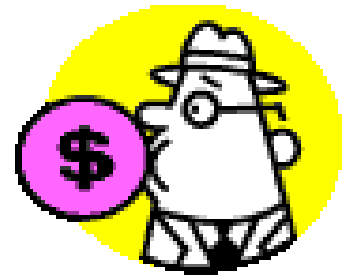
Carol Warley of the Texas Society of Certified Public Accountants, in response to a request for comments on draft Form 8960, "Net Investment Income Tax -- Individuals, Estates, and Trusts," has informed the IRS that the CPAs are unable to effectively evaluate the form without seeing the proposed instructions, which have not yet been released.



Earner Income (Medicare) Surtax



- .9%
- S-corp
 - Reasonable compensation
- LLC
 - Bifurcate
- \$200,000 / \$250,000



Estate & Gift Tax



- Federal
- Most states are different



Capital Gains & Dividends



- Same income level as 39.6%
- No change to recapture/collectibles
- Remember related party penalty



Phase-out of Itemized Deductions



- AGI
 - Joint - \$300,000
 - Single - \$250,000
- State taxes, donations, mortgage interest
- Not gambling losses
- 3% of excess



Phase-out exemptions

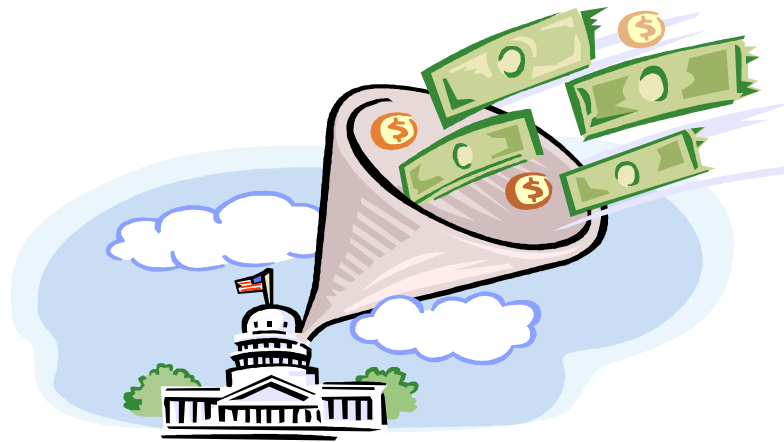


- Same as itemized deductions
- 2% for each \$2,500

Maximum effective marginal rate



About 44% - 45%



Obamacare



- Large business
- Measurement/stability periods
- 9.5% affordability standard
- 60% test?
- Penalties postponed



Worker classification



- DOL help for states
- ACA problems
- Responsible person

Tax reform/choice of entity



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Questions?



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Michael D. Koppel, CPA, PFS is a Certified Public Accountant in Massachusetts and serves as Tax Advisor at Gray, Gray & Gray, LLP.