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Tax Season 2013

The deadline for individual income tax returns this year is April 15th. We have recently completed corporate returns for the March 15th deadline and continue to process individual returns. We would like to remind those of you who have not yet gathered your 2012 tax information, you may want to consider having us prepare an extension for you which would extend the filing time until October 15th. As long as the tax you owe for the year is paid with the extension, filing for the extension does not have any negative ramifications.

We will continue to have extended hours during tax season, but please note that beginning May 1st our office hours will once again be 8:30 AM until 5:00 PM Monday through Thursday and 8:30 AM until noon on Fridays. We will still be available by appointment on Friday afternoons as needed.

REMINDER:

Individual Estimated Income Tax Payments are due by April 15, 2013.

In this newsletter, we will highlight the new 2013 vehicle depreciation dollar limits and the finalization of Form 941 for 2013 which highlights new additional Medicare tax and the sunset of the payroll tax holiday. We would also like to share with you important information issued from the IRS concerning identity theft.

IRS Issues 2013 Vehicle Depreciation Dollar Limits

The IRS has released the inflation-adjusted limitations on depreciation deductions for business-use passenger automobiles, light trucks, and vans first placed in service during calendar year 2013. Some of the depreciation limits are identical to the limits for 2012; other ceilings have increased by \$100.

Passenger automobiles. The maximum depreciation limits under Code Sec. 280F for passenger automobiles first placed in service during the 2013 calendar year are: (1) \$11,160 for the first tax year (\$3,160 if bonus depreciation does not apply); (2) \$5,100 for the second tax year; (3) \$3,050 for the third tax year; and (4) \$1,875 for each succeeding

tax year.

Trucks and Vans. The maximum depreciation limits under Code Sec. 280F for trucks and vans first placed in service during the 2013 calendar year are: (1) \$11,360 for the first tax year (\$3,360 if bonus depreciation does not apply); (2) \$5,400 for the second tax year; (3) \$3,250 for the third tax year; and (4) \$1,975 for each succeeding tax year.

Sport utility Vehicles (SUVs and pickup trucks with a gross vehicle weight rating (GVWR) in excess of 6,000 pounds continue to be exempt from the luxury vehicles over \$200,000 and families with

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luxury vehicle depreciation caps based on a loophole in the operative definition. Congress in 2004 placed a \$25,000 limit on Code Sec. 179 expensing of heavy SUVs but has not extended it to Code Sec. 280F.

Leases. Lease payments for vehicles used for business or investment purposes are deductible in proportion to the vehicles business use. However, lessees must include a certain amount in income during the year that the vehicle is leased, to partially offset the amounts by which the lease payments exceed the luxury automobile limits.

IRS FINALIZES FORM 941 FOR 2013

The IRS recently announced the availability of final Form 941, Employer's Quarterly Federal Tax Return for 2013. Revised form 941 reflects the January 1, 2013 effective date of the 0.9 percent additional Medicare tax, expiration of the payroll tax holiday and other changes. The IRS reminded employers that the additional Medicare Tax, enacted by the *Patient Protection and Affordable Care Act* applies effective January 1, 2013. Employers must withhold a 0.9 percent additional Medicare tax from covered wages paid to an

employee in excess of \$200,000 (\$250,000 for married couples filing joint returns and \$125,000 for married couples filing separately) in calendar year 2013. Employers are required to begin withholding additional Medicare tax in the pay period in which they pay wages in excess of \$200,000 (again \$250,000 for married couples filing jointly and \$125,000 for married couples filing separately) to an employee and continue to withhold it each pay period until the end of the calendar year.

Payroll Tax Holiday Ends. A reminder to our clients that the OASDI tax rate is 6.2 percent for both employers and employees for calendar year 2013. The payroll tax holiday, effective for calendar years 2011 and 2012, was not renewed by the *American Taxpayer Relief Act of 2012* (ATRA) or other legislation and has expired. The payroll tax holiday had reduced the employee-share of OASDI taxes from 6.2 percent to 4.2 percent. The Social Security wage base for calendar year 2013 is \$113,700, up from \$110,100 for calendar year 2012.

IRS COMBATING IDENTITY THEFT

Tax fraud through identity theft occurs when someone uses your personal information such as your name, Social Security number or other identifying information, without your permission to commit fraud or other crimes. In many cases, an identity thief uses a legitimate taxpayer's identity to fraudulently file a tax return and claim a refund.

Combating identity theft and refund fraud is a top priority for the IRS, and they are taking special steps to assist victims. For the 2013 tax season, the IRS has put in place a number of additional steps to prevent identity theft and detect refund fraud before it occurs. These are the IRS' top tips to help you avoid becoming the victim of identity theft:

(1) The IRS does not initiate contact with taxpayers by email or social media tools to request personal or financial information. The IRS does not send emails stating you are being electronically audited or that you are getting a refund. (2) If you receive a scam email claiming to be from the IRS forward it to the IRS at phishing@irs.gov. (3) Identity thieves access your personal information by such

means as, stealing your wallet or purse; posing as someone who needs information about you through a phone call or email; looking through your trash for personal information; accessing information you provide to an unsecured internet site. (4) If you discover a website that claims to be the IRS but does not begin with www.irs.gov, forward that link to the IRS at phishing@irs.gov; (5) If your SSN is stolen, another individual may use it to get a job. That person's employer may report income earned by them to the IRS using your SSN, thus making it appear you did not report all of your income on your tax return; (6) Show your Social Security card to your employer when you start a job or to your financial institution for tax reporting purposes. Do not routinely carry your card or other documents that display your SSN; (7) For more information about identity theft, including information about how to report identity theft, visit the IRS Identity Theft Protection Page on the www.irs.gov home page.

Company Name
Street Address
City, ST ZIP Code



Customer Name
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