

HUDSON POPE PLLC

CERTIFIED PUBLIC ACCOUNTANT

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Year End News

As we approach the end of 2015, we first would like to take this opportunity to wish all of you and yours a joyous holiday season. It has been our privilege to work with you this year and we thank each of you for your continued support and allowing us to serve you.

As a reminder to our business clients, we need to furnish W-2's to employees by the end of January and to the Social Security Administration by the end of February. It is important that we have the correct names, social security numbers and addresses for your employees and would appreciate you furnishing us with the information as soon as possible.

Several of our clients receive tax organizers to help in gathering their information to complete their individual tax returns. This year we would like to again offer our clients the option of receiving their organizer

IRS Raises Tangible Expensing Threshold

The Internal Revenue Service has simplified the paperwork and recordkeeping requirements for small businesses by raising from \$500 to \$2,500 the safe harbor threshold for deducting certain capital items.

This change affects businesses that do not maintain an applicable financial statement (audited financial statement). It applies to amounts spent to acquire, produce or improve tangible property that would normally qualify as a capital item. The new \$2,500 threshold applies to any such item substantiated by an invoice. As a result, small businesses will be able to immediately deduct many expenditures that would otherwise need to be spread over a period of years through annual depreciation deductions.

The IRS had received many responses from small business who were responding to a February comment request, and those commenting noted that

REMINDER:

Individual Estimated Income Taxes are due January 15, 2016. If you have been itemizing deductions in the past, you may want to consider paying your North Carolina estimate by December 31, 2015, in order to receive the deduction in 2015.

via e-mail. If you would prefer to receive your organizer by email, please let Marilyn Reynolds know by January 4, 2016, at marilyn.reynolds@hudsonpoppe.com.

Highlights of this newsletter include tips for year-end gifts to charity, 2016 changes to standard mileage rates, and a change to the expensing threshold for small businesses which simplifies filing and recordkeeping.

the existing \$500 threshold was too low to effectively reduce administrative burden on small business. Moreover, the cost of many commonly expensed items such as tablet-style personal computers, smart phones, and machinery and equipment parts typically surpass the \$500 threshold.

As before, businesses can still claim otherwise deductible repair and maintenance costs, even if they exceed the \$2,500 threshold. The new \$2,500 threshold takes effect starting with tax year 2016. In addition the IRS will provide audit protection to eligible businesses by not challenging use of the \$2,500 threshold in tax years prior to 2016.

IRS TIPS FOR YEAR-END GIFTS TO CHARITY

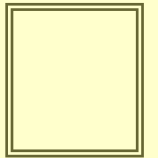
Many people give to charities each year, especially during the holiday season. Remember, if you want to claim a tax deduction for your gifts, you must itemize your deductions. Here are six tips from the IRS that you should keep in mind:

1. **Qualified charities.** You can only deduct gifts you give to qualified charities. Use the *IRS Select Check* tool to see if the group you give to is qualified. Remember that you can deduct donations you give to churches, synagogues, temples, mosques and government agencies. This is true even if *Select Check* does not list them in its database.
2. **Monetary donations.** Gifts of money include those made in cash or by check, electronic funds transfer, credit card and payroll deduction. You must have a bank record or a written statement from the charity to deduct any gift of money on your tax return. This is true regardless of the amount of the gift. The statement must show the name of the charity and the date and amount of the contribution. Bank records include cancelled checks or bank, credit union and credit card statements. If you give by payroll deductions, you should retain a pay stub, a Form W-2 wage statement or other document from your employer. It must show the total amount withheld for charity along with the pledge card showing the name of the charity.
3. **Household Goods.** Household items include furniture, furnishings, electronics, appliances and linens. If you donate clothing and household items to charity, they generally must be in at least good used condition to claim a tax deduction. If you claim a deduction of over \$500 for an item it doesn't have to meet this standard if you include a qualified appraisal of the item with your tax return.
4. **Records required.** You must get an acknowledgement from a charity for each deductible donation (either money or property) of \$250 or more. Additional rules apply to the statement for gifts of that amount. This statement is in addition to the records required for deducting cash gifts. However, one statement with all of the required information may meet both requirements.
5. **Year-end gifts.** You can deduct contributions in the year you make them. If you charge your gift to a credit card before the end of the year it will count for 2015. This is true even if you do not pay the credit card bill until 2016. Also a check will count for 2015 as long as you mail it in 2015.

IRS Releases 2016 Standard Mileage Rates

The business standard mileage rate for 2016 will decrease from 57.5 cents-per-mile for 2015 to 54 cents-per-mile. The rate for qualified medical/moving expenses will be 19 cents-per-mile. The rate for the charitable miles driven is set by statute and remains unchanged at 14 cents-per-mile for 2016.

Comment: As an alternative to the optional mileage rates, taxpayers can use the actual expense method. Actual expenses include expenditures for gas, oil, repairs, tires, insurance, registration fees, licenses, and other qualified costs.



Customer Name
Street Address
City, ST ZIP Code