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## 2015 Tax Season Newsletter

**AFFORDABLE CARE ACT** also known as **OBAMACARE**. Expect to see some new forms. If you purchased insurance through The Marketplace, you will receive a Form 1095-A from The Marketplace. If you have minimum essential coverage, you will receive a Form 1095-B from your health insurance company. If you have employer sponsored minimum essential coverage from a large employer (50+ FTE employees), you will receive a 1095-C from the employer. These forms will be needed to prepare your 2014 income tax return, and calculate your premium tax credit (Form 8962), or calculate any penalty due, or determine if you qualify for an exemption (Form 8965).

**2014 DEPRECIATION** of capital assets. Section 179 expensing of assets is limited to \$25,000, down from the 2013 amount of \$500,000. Assets with a life of less than 12 months, or a cost less than \$200, may be expensed as supplies. Also, assets costing less than \$500 may be expensed instead of depreciated by using a written statement to elect the new de minimis safe harbor.

**MAINE PROPERTY TAX Fairness Credit** is still filed with the Maine 1040ME. Income will once again be modified by non-taxable income and loss add-backs. However, the maximum credit is doubling to \$600 (or \$900 if 65 years old or older). Renters may qualify for this credit.

**ESTIMATED TAX PAYMENTS** generally must be made quarterly if a taxpayer expects to owe at least \$1,000 after subtracting withholding and refundable credits. This rule does not apply when the withholding and refundable credits exceeds the lesser of 90% of the current year's taxes or 100% of the previous year's taxes. We can help you determine if you should be making estimated tax payments.

**IF YOU HAVE PAYROLL** be aware that in 2015 there will be no 941C1ME combined withholding and unemployment form. The two taxes will be filed and paid separately. We will be taking care of that for our payroll clients.

**THE IRS & MAINE REVENUE** received many returns filed with stolen or fraudulent identities and the problem is growing. The IRS resolved and closed 963,000 cases of tax related identity theft, suspended or rejected \$5.7 million in suspicious refunds, and issued 1.2 million identity protection PINS to be used in the upcoming filing season. If you receive anything unusual from the taxing authorities it could be because of identity theft. According to Maine Revenue the medical professions were hit particularly hard last year.

**MAINE PENSION INCOME** deduction has been increased to \$10,000 from \$6,000. It now includes all federally taxable pension, annuity, and IRA income. A deduction is still NOT allowed for a split spousal retirement benefit not earned by the spouse, except in the case of a spousal survivor benefit.

**2014 IRA CONTRIBUTIONS.** You may contribute up to \$5500 or \$6500 if you are age 50 or older. The contribution must be made before April 15, 2015. If made in 2015 for 2014 be sure to designate the contribution for tax year 2014.

**THE 2014 TOP TAX BRACKETS** are 39.6% for Federal and 7.95% for the state of Maine.

**HELP, I RECEIVED A NOTICE** from the IRS. If this happens to you, call us immediately. We want to assist you in all correspondence with the IRS or Maine Revenue. If it concerns a return we prepared there is usually no extra charge for this service.

SSA & MILITARY RETIREES will receive a cost of living adjustment of 1.7% in 2015.

**WE PROVIDE PAYROLL SERVICES.** You give us your employee hours worked each period and we'll prepare your signed or unsigned payroll checks, employee direct deposits, or detailed pay-stubs for you to attach your own check to. We can accommodate all calculations and deductions such as tips, child support, and retirement plan withholding, as well as vacation and sick time accrual if needed. We prepare all quarterly and year-end payroll tax returns as well as 1099MISC forms for payments to independent contractors.

**WE ARE MEMBERS** of the National Association of Tax Professionals (and ME chapter), National Society of Tax Professionals, National Association of Enrolled Agents (and ME chapter), National Society of Accountants (and ME chapter), National Institute of Professional Bookkeepers, National Association for the Self Employed, Lincoln Lakes Region Chamber of Commerce, and the Lincoln Business Referral Group.

**IN ORDER TO STAY CURRENT** and better serve our clients, we attend many hours of tax training each year. This year's training consisted of a one day Tax Practitioner Institute, a two day National Association of Tax Professionals (NATP) 1040 Workshop, a one day NATP tax seminar, a two day Maine Tax Forum, and a two day Maine Association of Professional Accountants "Gear Up" tax seminar, as well as many telephone forums and webinars hosted by various agencies and associations throughout the year. These training events cover many facets of Federal and Maine tax law as well as current changes.

**TAX FRAUD HOTLINE.** If you suspect or know of an individual or company that is not complying with the tax laws, you may report this activity by calling the IRS at 1-800-829-0433, or report on Form 3949-A (available at irs.gov). File Form 211 to receive a reward if applicable. Maine tax violations can be reported by email to [compliance.tax@maine.gov](mailto:compliance.tax@maine.gov), or by calling 207-624-9600. The caller can remain anonymous.

**THE EDUCATOR'S DEDUCTION** of up to \$250 for classroom supplies, books, computer equipment, software, and any other supplementary materials used in the classroom is no longer available. This deduction expired at the end of 2013.

**THE TUITION AND FEES DEDUCTION** which allowed eligible students and their families to subtract from their taxable income up to \$4,000 a year in tuition and fees has also expired and is not available this year. The American Opportunity and The Lifetime Learning Tax Credits as well as the deduction for qualified student loan interest are still available to eligible taxpayers.

**IT'S NOT OVER 'TIL IT'S OVER.** Congress may still act on expiring tax provisions so some of the deductions, credits, and limits I've written about here could still revert to their prior levels. As it now stands, many tax benefits disappeared on December 31, 2013 and they may or may not reappear soon.

**RETURNS WE PREPARE** include EZ, short and long form 1040 personal income tax returns, sole proprietor returns, landlord and rental income returns, farm returns, partnership returns, corporate income tax returns, and also amended returns, and extensions to time to file.

**A REFERRAL** is one of the best things you could give us! Tell your friends about us today.

**VISIT US ON THE World-Wide-Web** at [www.barkertax.com](http://www.barkertax.com) and also our Facebook page [www.facebook.com/BarkerBusinessServices](http://www.facebook.com/BarkerBusinessServices). Don't forget to "like" us while you are there.

**ORGANIZE NOW.** If you would like us to send you a tax organizer to help you get ready for tax time, call us at 794-8563, or email us at [taxman2@barkertax.com](mailto:taxman2@barkertax.com).

**\$100 WINNER!** Last year's winner of our drawing was Vaughn & Joan Leonard of Enfield. This year all completed 2014 income tax return clients will be entered and the \$100 winner will be drawn at 5 pm on April 15, 2015.

*Helping Take the Bite out of Taxes!*