

TAX FACTS NEWS



Please don't wait until the last minute! Schedule your appointment today.

notes from the front line

I have **good news** and **bad news**, and **more bad news**, and more...

Congress managed to delay any looming tax decisions until after the final hour, and hidden within the 600 BILLION DOLLARS OF FREEBIE PORK! were a few tax decisions to pull us back from the "fiscal cliff". IMO, we might have been better off going over the cliff with an umbrella instead of a band-aid! If you like to relax with rum cooler, watching Nascar, while the algae grows in your fish tank, you should know that the rum producers, Hollywood, racetrack owners, and algae growers all got a deal from the fiscal cliff bill. So, what did you get?? Well, it wasn't a piece of the 600 billion dollars!

The Good News: Families who earn between \$250k and \$450k have no tax rate increase FOR THIS YEAR. Watch out, though, because the President is still after your money. There are no tax rate increases for singles earning below \$400k.

The Bad News: Don't think that you won't pay more in taxes just because your tax rate stayed the same. If you've gotten a paycheck in January, you should have noticed that it was less than last month – your social security withholding went up on Jan 1.

More Bad News: IRS announced today that they will not be ready to accept tax returns until Jan 30. They told us (the preparers) earlier that all refunds will be on the slow track this year in an effort to fight rampant ID Theft. We expect the first refunds of the year won't be issued until Feb 15th or Feb 22nd. To make matters worse, IRS has put the banks providing refund loans out of business.

Even more bad news: Residential energy credit is back (that's good news), but returns claiming the credit can't be filed until the end of February.

And the Bad News keeps coming: There have been changes to depreciation this year, and returns with depreciation will not be able to file until the end of February. That will affect you if you have a rental house, are self-employed, work from home, or use your own work tools, laptop, smartphone, automobile to do your job.

Does it get any better? NO! As long as Washington staggers along without a budget (have you tried that in your own life?), there will be an insatiable need for money and the government's only source for unborrowed dollars is YOUR POCKET!

– Penny Tokash, EA

"I talked to the IRS yesterday and they're not very much fun at all!"

– Long-Time Tax Facts client

Tax Facts, Inc.

114 N. McDonough St., Jonesboro, GA 30236
Phone: 770-471-3003 | Fax: 770-471-4662

Email: info@taxfacts.com
Penny: ptokash@taxfacts.com
Frances: fclark@taxfacts.com
Donnie: dwilder@taxfacts.com
Ed: etokash@taxfacts.com

www.taxfacts.com

Our 2012 Tax Season hours will be:

Monday – Thursday	8:30–7:30
Friday	8:30–5:00
Saturday	8:30–2:00

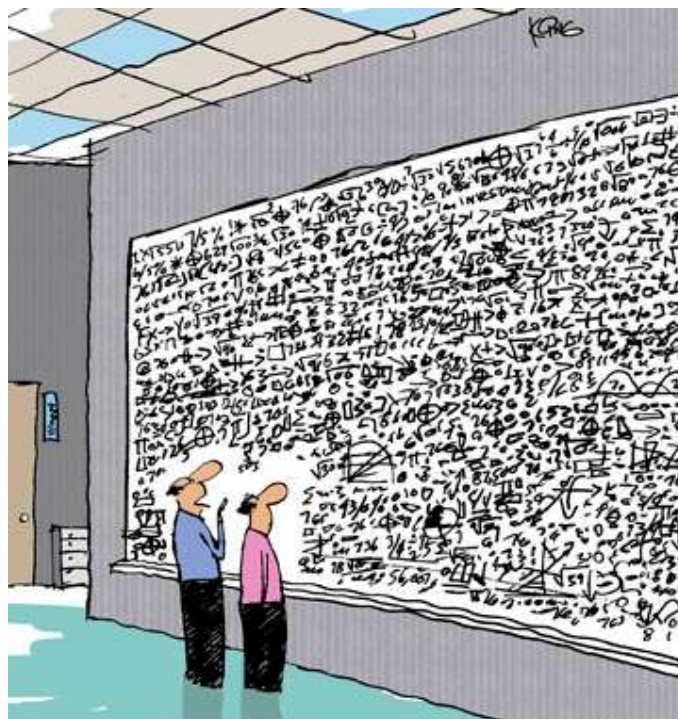
Walk-ins are always welcome!

Drop-Offs are encouraged!

If you are a prior client and comfortable that your tax situation hasn't changed much, you can drop off your tax information and we'll have your taxes prepared in a few days. You can find useful forms at our website or call us for an **organizer**.

"Blessed are the young, for they shall inherit the national debt."

– Herbert Hoover



"...and that, in simple terms, is the new, proposed tax reform plan."

MOVING THE CLIFF

And so Congress avoided the cliff. Of course they did. There really wasn't much doubt that they would, but it created a frenzy for the media! And aren't we all just pleased as punch?? As a result, there isn't much new for 2012 that wasn't there for 2011. Taxes for 2013 is a whole new story, but Congress has a year to work on the revisions. Any bets on whether there will be another looming crises in December next year? :)

What's back in there for 2012 that will now expire in 2013?

- Educator Expense Deduction of \$250
- College Tuition Deduction
- Sales Tax (vs state income tax) as an itemized deduction
- Residential Property Energy Credit

Good News: Debt Forgiveness on your personal residence continues to be excludable for 2012 and 2013.

Best news: AMT (the "Nasty" tax) was permanently extended and linked to inflation increases for each year. (We would have preferred to see it just go away, but a permanent fix is better than an every year temporary fix).

Bad news: The refundable adoption credit was not renewed. Adoption expenses are back to being a credit on the return with a carry forward of up to five years for credits you can't use in 2012.

Worst news: Tax Rate increases to 39.6% for those with adjusted gross income of \$400,000 and more, but they aren't alone – **77% of all taxpayers will be paying more in taxes.** The estimate is that those earning \$50K–\$60K will pay \$822 more in taxes (this will net the gov't \$27.7 billion more dollars); those earning \$100K will pay an extra \$2274 (that is another \$17 billion dollars); millionaires will pay a huge \$170,341 additional tax on average, but since there aren't as many taxpayers in that tax bracket, it will mean only \$13.3 billion in tax dollars.

"I just taught my kids about taxes by eating 35% 39.6% of their ice cream."

– Conan O'Brien (edited for 2013)



"The taxpayers are sending Congressmen on expensive trips abroad. It might be worth it except they keep coming back."

– Will Rogers

TIPS FROM YOUR PREPARER

"Can I get a refund loan?" Sorry. The IRS has been opposing refund loans forever and has finally managed to shut down the program. As a result, the fraud checking that was being done by the banks now has to be done by the IRS.

"When will I get my refund?" The IRS is not printing a cycle chart this year and has told us that refunds will be delayed while the computers look closely at fraud and ID theft. We expect most refunds will take 3 – 4 weeks.

"Why did you say I can't file until the end of February?" Not everyone must wait beyond Jan 30, but some people will. Congress didn't pass the new tax legislation until Jan 2. Although The IRS expected some of the changes and will be able to have new forms in the computers by Jan 30 (opening day for filing tax returns this year), other forms will not be ready until later in February. The ones that may affect you are the **Residential Energy Credit** and **depreciation** on businesses, rentals, cars, computers, etc.

FYI for 2012 (this year)

- **Business Mileage rate** is \$0.555
- **Medical/Moving mileage rate** is \$0.23
- **Volunteer mileage for charity rate** remains at \$0.14
- **Contribution to an IRA** maximum is \$5,000
Increase to \$6,000 if over age 50
- **Contribution to a 401k** maximum increased to \$17,000
Increase to \$22,500 if over age 50
- **Contribution to a SIMPLE** maximum is \$11,500
Increase to \$14,000 if over age 50
- **Social Security Max Wage** increased to \$110,100

FYI for 2013 (next year)

- **Business Mileage rate** is \$0.56
- **Medical/Moving mileage rate** is \$0.24
- **Volunteer mileage for charity rate** remains at \$0.14
- **Contribution to an IRA** maximum \$5,500
Increase to \$6,500 if over age 50
- **Contribution to a 401k** maximum at \$17,500
Increase to \$23,000 if over age 50
- **Contribution to a SIMPLE** maximum is \$12,000
Increase to \$14,500 if over age 50
- **Social Security Max Wage** is \$113,700