



If you have received this newsletter but you haven't filed your taxes this year it's more than likely that we filed an extension for you. But, for your sake we'd recommend calling us to make sure and make an appointment.

We're here to serve all your business needs. Call us if we can help.

HealthCare Replacement Repercussions



The law as it pertains to Individuals

On Jan. 1, 2014 almost every US citizen and legal resident must have purchased "minimum essential health care coverage" for themselves and their dependants. You will be able to get this through your employer or health exchanges. If you don't have it in 2014 then you'll have to pay \$95 or 1% of income, whichever is greater. This amount will escalate until the year 2016 when it will be from \$695 to \$2,085, or 2.5% of household income, whichever is greater. Those that could be exempt from this are people with religious objections, American Indians, illegal immigrants and people in prison. Also people that don't make enough money to file a return will be exempt from the penalty.

Common Questions

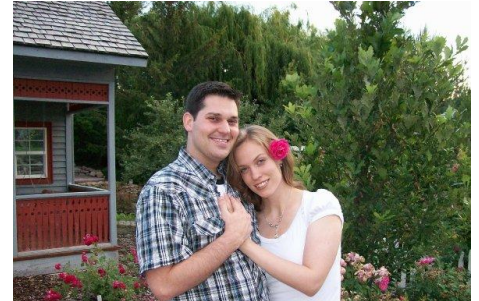
1. What changes are taking place this year as a result of it?

- a.Children 26 and under can be allowed to stay on their parents' health insurance policy
- b. People with pre-existing medical conditions can be eligible for a federally funded "high-risk" program.
- c. Insurance policies can't set annual or lifetime caps on coverage.
- d. Pre-existing conditions for children must be covered.
- e. Medicare part D recipients get a \$250 one time rebate to take care of the coverage gap.
- f. Indoor tanning places are taxed 10%.

2. Are there any incentives to giving employees health insurance now?

Yes; the main incentive is a nonrefundable federal tax credit. In order to get the full 35% credit your company must have 10 or less full time employees (or full time employee equivalents) that make on average \$25,000 or less per year. Your company must also pay at least 50% of the healthcare premiums. This credit phases out until a company has 25 full time employees (or full time employee equivalents) that make \$50,000 or less. A full time employee is someone that works 2,080 hours per year. In figuring the amount of full time employees owners and family members aren't counted.

Real Estate & Home Improvement



Deduct 30% of the cost on energy saving solutions even if you receive a government subsidy. This applies to the purchase of any of the following this year: solar heating systems, geothermal heat pumps, fuel cells, and small wind energy units.

Sell your home before 2013 if you plan on selling. According to the Healthcare Bill there will be a 3.8% surcharge on investment income for single filers with more than \$200,000 AGI and marrieds with more than \$250,000. Also, capital gains are counted as investment income.

Not your typical Tax Preparer

We provide CPA quality tax services at or less than "fast tax" prices. We aren't your seasonal tax preparers. As part of our service package you also receive all of the following benefits free of charge:

- 1. Free phone call tax & accounting advice
- 2. Free quarterly newsletters
- 3. Free tax prep organizers

Investments & Retirement

All IRAs that you change to a Roth this year have to be taxed the same way. Here are the options if you convert in 2010. You can defer the taxes on the conversions and report half the income in 2011 and half in 2012; or you can go ahead and report 100% in 2010. But remember if you convert more than one you can only choose one of the above methods of being taxed.

One spouse can defer the tax bill while the other pays 100% for a separate conversion if you're a couple that is converting to Roths.

Business Ventures



Hire unemployed workers and don't pay the business part of social security taxes. This applies to any worker you hire from Feb. 3, 2010 to Jan. 1, 2011 that isn't related to you. They also must not have worked 40 hours within the 60 days prior to their hiring. Form W-11 has to be filled out for each employee you'd like to apply this ruling on. If you take this credit though, you won't be able to claim the work opportunity tax credit or FICA tip credit. This can be applied retroactively. Please call us to help in weighing out your options.

Get up to \$1,000 credit if you keep these new hires on for a full year. They must make at least 80% of their first 26 weeks pay with you within the last 26 weeks. For example, Let's say you hire someone and they make \$10,000 within the first 26 weeks. In order

to get the full credit that employee would have to make at least \$8,000 within the last 26 weeks.

Deduct up to \$20,000 of startup costs for a new business. Last year you could only claim a \$5,000 deduction. Startup costs over \$50,000 will lower this deduction dollar for dollar.

Save Gas and Time with Us

Banks all over the nation have stopped accepting their business customers' 941 payments. These include Regions Bank and Bank of America.

Fortunately banks aren't the only option. We've made it easier than ever to help make your payments on time. In fact after the initial set-up you won't even need to write a check. Just give us a call and tell us how much each employee made and we'll take care of the rest. Save your gas and time with us.

In addition to preparing 1099s and W2s with this money saving service we can:

1. Prepare, print, and send in-house payroll checks.
2. Directly deposit payroll amounts to employee's bank accounts
3. Electronically pay state withholding.
4. Electronically pay federal and state unemployment

If you are in need of these payroll services please call and ask for Barbara or Ben.

Tax Strategies and Other Changes

Buy your parents house and rent it back to them. This will give your parents access to their home equity so they can make better investments and you'll get some pretty nice tax deductions on your

new rental property. This would allow you to take write-offs for maintenance, insurance, repairs, utilities and etc...

Get at least 3 tax advantages by putting your spouse on payroll.

1. Your company can deduct payments made to a qualified retirement plan on your spouse's behalf.
2. You can deduct their travel expenses also if they go with you on a business trip.
3. Shift health insurance costs for your wife to the company and then take a bigger write off.

C Corp owners buy assets that will appreciate in value and lease them back to the company. By doing this your company pays you deductible lease payments instead of nondeductible dividends.

Indoor tanning businesses now require you to pay a 10% excise tax for using their services. This is because of the Healthcare Bill. This doesn't apply to a fitness club that has a membership fee and offers tanning services.

Governing by Principle

Mississippi Center for Public Policy
www.msppolicy.org

1. Government Exists to protect rights, not to create them.
2. The legitimate power of government begins and ends with the people, while its authority comes from the Creator.

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