



Clemmons & Company Inc.

"ONE ON ONE SERVICE IN ACCOUNTING, TAXES AND BUSINESS CONSULTING"

NEWSLETTER

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CHANGES, CHANGES, CHANGES!!!!!!

Why so many tax changes every year? That is the question. My guess is to keep us tax professionals being bookworms.

TAX LAW CHANGES

- ◆ **Standard Deduction** – Single/Married Filing Separately increased to \$6,100. Married Filing Jointly/Qualifying Widow increased to \$12,200. Head of Household increased to \$8,950.
- ◆ **2013 Personal Exemption** - For each dependant the deduction is \$3,900.
- ◆ **New tax rate** - For 2013, the highest tax rate is 39.6%.
- ◆ **Additional Medicare Tax (AdMT)** - A tax of .9% on wages, compensation and self employment income when income is above certain threshold amounts.
- ◆ **Net Investment Income Tax (NIIT)** - A tax of 3.8% on certain net investment income when adjusted gross income is over certain threshold amounts.
- ◆ **Discharge of Residence Debt Excluded From Income** - Expired on December 31, 2013 unless extended.
- ◆ **Medical Expenses** - For 2013, you can deduct your medical expenses for the amount that is over 10% of your adjusted gross income unless you are 65 years of age or older and the 7.5% remains constant.

- ◆ **Sales Tax Deduction** - Expired December 31, 2013 unless extended.
- ◆ **Mortgage Insurance Premium Deduction** - Expired December 31, 2013.
- ◆ **Education Credits** - American Opportunity Credit extended through tax year 2017.
- ◆ **Adoption Credit** - Permanent tax credit.
- ◆ **Medical Flexible Spending Arrangement** For tax year 2013, the Medical FSAs will have a \$2,500 contribution limit for salary reductions.
- ◆ **Standard Mileage Rates** – For 2013, the standard mileage for business is 56.5 cents a mile; the medical and moving mileage rate is 24 cents a mile.
- ◆ **Home Office Deduction** - New standard deduction allowed for the home office deduction.
- ◆ **Bonus Depreciation** - Expired December 31, 2013 unless extended.
- ◆ **Section 179** - Qualified real estate improvements are still eligible for Section 179.
- ◆ **S Corp Election** - The IRS simplified the procedure for relief of a late S Corporation Election.

THE LIGHTER SIDE

If an accountant's wife cannot sleep, what does she say?

"Darling, could you tell me about your work."

"I'm not going to pay taxes. When they say I'm going to prison, I'll say no, prisons cost taxpayers a lot of money. You keep what it would have cost to incarcerate me, and we'll call it even." –Jimmy Kimmel

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