



# Online Advisor

- FEBRUARY 2016 -

## MAJOR UPCOMING TAX DEADLINES FOR FEBRUARY / MARCH

- February 29 - Payers must file 2015 information returns (such as 1099s) with the IRS. (Electronic filers have until March 31 to file.)
- February 29 - Employers must send 2015 W-2 copies to the Social Security Administration. (Electronic filers have until March 31 to file.)
- March 31 - Deadline for providing a copy of Form 1095-C to the recipient of health insurance coverage.

## WHAT'S NEW IN TAXES: ARE YOU OVERLOOKING THE DOMESTIC PRODUCTION ACTIVITIES DEDUCTION?

If you manufacture, produce, grow, or extract products in the U.S., you

### Greetings!

*Tax time is here! At this point, you probably have received most of your tax documents. It's a great feeling to get your taxes done early, so call to schedule your appointment today!*

*Now is the time of year when friends and family may be asking who you use to prepare your taxes.*

*Refer friends and family that could benefit from our services and receive a special discount on your 2015 tax preparation fee.*

*Forward this email to friends and family; it entitles them to a complimentary consultation.*



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## BE SURE TO USE UPDATED TAX NUMBERS IN YOUR 2016 PLANNING

By law, the IRS must adjust certain tax numbers for inflation each year. For 2016, due to a low inflation rate, many of the numbers are unchanged or change only slightly from 2015 amounts. Here are some of the tax numbers to use in your 2016 tax planning.

\* The maximum individual retirement account contribution



may be eligible to claim a tax deduction for domestic production activities. You can deduct up to 9% of your qualified activities. The amount is computed based on the lesser of income related to your domestic production or your taxable income, and is generally limited by Form W-2 wages paid. The deduction has been available since 2005 to a variety of businesses, including manufacturers, farmers and architects. The IRS issued clarifying regulations over the summer that you can choose to apply to your 2015 federal income tax return.

you can make in 2016 remains unchanged - \$5,500 if you're under age 50 and \$6,500 if you are 50 or older.

\* The maximum amount of wages employees can put into a 401(k) plan remains \$18,000. The 2016 maximum allowed for SIMPLE plans is \$12,500. If you are 50 or older, you can contribute up to \$24,000 to your 401(k) and \$15,500 to your SIMPLE plan.

\* For 2016, the maximum amount you can contribute to a health savings account is \$3,350 for individuals and \$6,750 for families. The catch-up contribution when you're age 55 or older is \$1,000.

\* The "nanny tax" threshold is \$2,000 in 2016, up from \$1,900 for 2015. If you pay household employees \$2,000 or more during the year, you're generally responsible for payroll taxes.

\* The "kiddie tax" threshold remains \$2,100 for 2016. If your child (under-age 19 or under age 24 for students) has more than \$2,100 of unearned income (such as dividends and interest) this year, the excess could be taxed at your highest rate.

\* The maximum earnings subject to social security tax in 2016 is \$118,500, unchanged from 2015. The \$15,720 earnings limit for those under full retirement age is also unchanged. If you've reached full retirement age, there is no earnings limit.

Contact us for additional information about these and other inflation-adjusted tax numbers.



## MAKE CUSTOMER SERVICE MORE THAN MERE TALK

Your sales staff knows that good customer service leads to repeat sales and referrals, which lead to higher revenues and profits. Their results are directly affected by customer perceptions. But employees in support and back office functions may not think of themselves as serving the customer. Yet every employee has an impact, direct or indirect, on customer experience. An incorrect shipment, a late delivery, or a mistake on an invoice, all result in poor service.

## NEW BUSINESS: IS YOUR CAPITALIZATION POLICY UP-TO-DATE?

Establishing a written capitalization policy for your business can ensure the current deductibility of certain purchases of tangible property. That can mean tax savings - and is especially true under the "repair regulations" that became effective in January 2014. Those IRS regulations explain the federal income tax treatment of expenditures you make

for materials and supplies, repairs and maintenance, and business property you buy, produce, or improve.

The initial repair regulations provided a "de minimis" safe harbor of \$500 for expensing certain costs for businesses without a required financial statement (generally a financial statement issued as a result of a certified audit conducted by a CPA). However, the IRS recently issued a notice increasing the safe harbor for these businesses. Beginning January 1, 2016, the new "de minimis" safe harbor is \$2,500 per invoice or item with a supporting invoice.

If you established a company policy in 2014 to take advantage of the safe harbor, you'll want to review and update it. Give us a call for more information. We're here to help.

result in poor service.

How can you teach every employee that a goal of your business is to meet, and preferably exceed, customer expectations as often as possible? Here are four ways to help employees understand that customer service is part of everyone's job.

\* **Communicate.** Explain the role each of your employees plays in providing good service. Consider posting measures of sales for all to see. If appropriate, develop measures of accuracy or error-free performance, and track and share the results.

\* **Educate.** Provide training to every employee with customer contact and emphasize the importance of customer service to the business as a whole. Instill a service-minded culture so all employees are aware of the ways cooperation and teamwork can contribute to good service.

\* **Good management.** As the owner or manager, your actions and your priorities set the tone for the company. Employees follow your lead and pay attention to what you consider important. Look for ways to measure customer satisfaction and show your employees that you're monitoring it. And remember the other way to improve customer service - minimizing what goes wrong. Make sure you're aware of errors and complaints. Set goals for improved performance and hold people to them.

## TAKING CHARGE OF YOUR DEBT

**Looking for ways to manage your debt? Here are seven practical suggestions.**

**1. Stop adding to your debt burden.** Some debt is unavoidable or is considered "good" debt, such as the mortgage on your home. But a mountain of debt created by purchasing luxuries you clearly can't afford does not fall into that category. Watch your spending and take a hard-line approach to new purchases.

**2. Get a clear picture of all your debts.** Put the data in a spreadsheet or other easily accessible ledger. Your credit history report can get you started with a listing of your outstanding accounts.

**3. Create a payment calendar.** Get familiar with due dates. Use your smartphone or other technology to provide reminders.

**4. Make payments on time.** If you miss a due date or skip a payment, you'll be stuck with a late fee in addition to what you already owe. Those fees make a bad situation worse.

**5. Give 'til it hurts.** At the very least, pay the minimum amount required. If you can stand the pain of paying more, you'll save time and money over the long term.

**6. Prioritize your debts.** Does your credit card charge sky-high interest rates? Pay that balance down first by putting any additional amount you can afford toward the principal. Devise a system for identifying and paying the debts that cost the most.

**7. Set up an emergency fund.** Although you'd like to use excess cash to pay off debt, you also need some "wiggle room." Stash funds in an easily accessible account so you can avoid adding to your debt if an emergency occurs.

**Debt is a four-letter word that practically no one wants to hear.** Nevertheless, with sound money-management techniques, you can take charge of what you owe. Give us a call for more suggestions that will help.

We hope you found this information helpful. Call today to schedule your appointment to start getting into financial shape!

973.325.3370

Sincerely,



\* **Involve your employees.** Make it clear that better service is a shared goal and ask for suggestions. You might be surprised how quickly good customer service becomes more than mere talk.

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Nelson Couto CPA, CFP™  
Anthony DeFranco CPA, CFP™



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[Nelson J. Couto, CPA, CFP™](#)

[Anthony DeFranco, CPA, CFP™](#)



Nelson J. Couto, Partner

The Partners and Staff  
Couto DeFranco, P.A.

## EXCITING COUTO DEFRANCO NEWS:

We've been recognized as  
"Top Wealth Managers in NJ"

3rd Year in a Row!!



**Nelson Couto and Anthony DeFranco** honored with a recognition by **NJ Monthly Magazine** in its selection of "**Top Wealth Managers In NJ 2015**"

Nelson Couto, CPA, CFP® and Anthony DeFranco, CPA, CFP®, MS (Taxation) of Couto DeFranco, P.A. have been named as 2014 Five Star Wealth Managers and featured in New Jersey Monthly magazine January 2016. Out of the 5063 wealth managers in New Jersey who were seriously considered for the award, 672 were named. This is their third time winning this prestigious award.

"We are delighted to be acknowledged as a Five Star Wealth Manager by New Jersey Monthly,

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Anthony DeFranco, Partner

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and proud that the work we have done for our clients has been recognized," says Anthony DeFranco.

Couto and DeFranco are recognized as leaders in the field of wealth management. They combine their knowledge of financial planning with over 25 years as CPAs, helping their clients with their wealth management and tax planning needs, along with assisting them with their financial goals and aspirations.

They believe the best way to help clients reach their financial goals is simple: to listen. "It is important to listen to where they are today and where they want to be tomorrow," says Nelson Couto. The partners feel that clients are paying them for their knowledge-both as NJ Certified Public Accountants and as Certified Financial Planner™ professionals-so it is their responsibility to develop a financial plan that is sound, objective and honest. This model has been their secret to success.

*Starting a business? Tax Questions? Need Financial Planning?*

*Print out this certificate for a complimentary one-hour consultation.*

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