



Online Advisor

-JUNE 2015-

MAJOR UPCOMING TAX DEADLINES

- * **June 15** - Second quarter 2015 individual estimated tax is due.
- * **June 15** - Due date for calendar-year corporations to pay second installment of 2015 estimated tax.
- * **June 15** - Due date for calendar-year trusts and estates to pay second installment of 2015 estimated tax.
- * **June 30** - Report on foreign

Dear Anthony,

School is ending, graduations are over and the thermometer is rising...summer is almost here! Now it's time to take it easy, relax and map a course for your finances. We can help you plan your retirement or preserve your nest-egg. Call today for an appointment.

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

The partners and staff of Couto DeFranco, P.A.



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financial assets and accounts (FBAR) must be received by the Treasury Department.



WHAT'S NEW IN TAXES: IRS updates list of delivery services

"Timely mailing/timely filing" is a familiar tax rule. It means that when you mail a return on time, the return is considered to be filed on time - as long as you use the proper delivery service and type of delivery. The rule is of special importance when you're in the position of submitting a return on the due date.

GO FORWARD OR BACKWARD TO UTILIZE TAX BENEFITS



Although the tax code contains some exceptions, income is generally taxable in the tax year received and expenses are claimed as deductions in the year paid. But "carryforwards" and "carrybacks" have special rules. In this case, certain losses and deductions can be carried forward to offset income in future years or carried back to offset income in prior years, providing tax benefits.

Here are four examples.

* **Capital losses.** After you net annual capital gains and capital losses, you can use any excess loss to offset up to \$3,000 of ordinary income. Remaining losses can be carried over to offset gains in future years. The carryforward continues until the excess loss is exhausted.

For example, suppose you have a net capital loss of \$10,000 for 2015. After using \$3,000 to offset ordinary income on your 2015 return, you carry the remaining \$7,000 to 2016. The excess loss is first applied to your 2016 capital gains, and then to as much as \$3,000 of your ordinary income. Any remaining loss is carried forward to 2017 and future years.

* **Charitable deductions.** Your annual charitable deductions are limited by a "ceiling" or maximum amount, as measured by a percentage. For example, the general rule is that your itemized deduction for most charitable donations for a year can't exceed 50% of your adjusted gross income (AGI). Gifts of appreciated property are limited to 30% of your AGI (20% in some cases) in the tax year in which the donations are made. When you contribute more than these limits in a year, you can deduct the excess on future tax returns. The carryover period for charitable deductions is five years.

* **Home office deduction.** If you qualify for a home office deduction and you calculate your deduction using the regular method, your benefit for the current year can't exceed the gross income from your business minus business expenses (other than home office expenses). Any excess is carried forward to the next year. Caution: No carryforward is available when you choose the "simplified" method to compute your home office deduction.

In addition to the U.S. Postal Service, the IRS also designates private delivery services that qualify for the timely mailing/timely filing rule. The IRS updated the list of qualifying private delivery services with Notice 2015-38. As of May 6, 2015, the list includes

FedEx:

1. FedEx First Overnight
2. FedEx Priority Overnight
3. FedEx Standard Overnight
4. FedEx 2 Day
5. FedEx International Next Flight Out
6. FedEx International Priority
7. FedEx International First
8. FedEx International Economy

UPS:

1. UPS Next Day Air Early A.M.
2. UPS Next Day Air
3. UPS Next Day Air Saver
4. UPS 2nd Day Air
5. UPS 2nd Day Air A.M.
6. UPS Worldwide Express Plus
7. UPS Worldwide Express

Note that only these specific delivery services are

* **Net operating losses (NOLs).** Business NOLs can be carried back two years and forward 20 years. Here's how it works. Say you calculate a \$50,000 NOL in 2015. Under the general rule, you'll use the loss first to offset taxable income in 2013 and 2014. Then you'll carry the remainder forward, potentially until 2035. Tip: As an alternative, you may opt to forego the carryback and instead carry the entire NOL forward.

Give us a call for help in maximizing the tax benefits of carryforwards or carrybacks.



TAXES & MARRIAGE: THE SECOND TIME AROUND

Wedding bells bring rejoicing - and financial changes. If you're marrying for the second time, the changes might seem overwhelming. On the surface, tax and financial planning for a second marriage is similar to that of a first marriage.

For example, no matter what month you hold the ceremony, the IRS will consider you married for the full year. That means employer-provided fringe benefits and taxes withheld from your paychecks could require adjustment. Depending on how much each of you earns and your past financial history, you'll have to decide what filing status will be most beneficial, and how best to take advantage of tax breaks that may become available.

With a second marriage, you have even more decisions to make, including how

designated for the timely mailing/timely filing rule. Other services provided by these companies do not qualify.

WHAT'S NEW IN FINANCES DO YOU NEED TO FILE AN FBAR?



If you have money or other assets in foreign bank or financial accounts and the total value of your accounts exceeded \$10,000 at any time during 2014, you may be required to file a Treasury Department report known as the FBAR.

FBAR is the acronym for "Form 114, Report of Foreign Bank

you'll merge your assets. Will you purchase a new home? If both of you already own separate homes, you may each qualify for a \$250,000 federal income tax exemption on the profit from the sale, as long as you have lived in the home for at least two of the last five years. If only one of you meets the requirements for the exemption, consider selling the qualifying home and living in the other for a while.

You or your spouse might also have substantial debt or financial obligations. Discuss your financial histories, including alimony or child support still owed and past bankruptcies. Decide who will provide for the college expenses of the children in your now-combined household. Depending on your age, you may want to investigate the effect of the marriage on your social security benefits.

Consider estate issues too, such as updating retirement plans with new beneficiary designations and retitling bank and brokerage accounts. Be sure to discuss how heirs from previous marriages will be provided for, and remember to update your wills.

A second wedding is a joyful event for you, your new spouse, and your extended families. To give your marriage an added advantage, call us before you say, "I do." We'll offer our congratulations - followed by useful financial and tax planning advice.

LEARN FROM CUSTOMER COMPLAINTS



Listening to customer complaints - seldom at the top of any manager's short list of enjoyable pastimes - can provide valuable insight into your business, insight that may not be available from any other source. Consider the following:

Complaints identify legitimate changes in customer expectations.

Maybe you own a furniture store. A customer says he loves your merchandise, but complains that you don't offer free delivery. He casually notes that several of his friends buy furniture at XYZ Company down the road - a firm that provides fewer choices and third-rate inventory - because that store offers this additional service. A prudent manager will ask, "Has the bar been raised?" If so, the decision not to provide free delivery could result in declining sales.

and Financial Accounts," an annual information form filed separately from your federal income tax return. You have to submit your 2014 FBAR electronically, and the form must be filed no later than June 30, 2015. No extension is available.

Contact us if you need details or filing assistance.

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

Complaints furnish insight into customer perceptions of your company and its products.

Do customers let you know, in no uncertain terms, that your tools or electronics or widgets are overly complex and hard to use? What will you do with this information? Ignore it? Or use it as an opportunity to improve the usability of your products? Perhaps customers complain about how they're treated by frontline staff. You may not see anything amiss, but perception is often reality when it comes to business. You may need to manage that perception by providing additional staff training.

Complaints spotlight opportunities.

Maybe your customers complain about something nobody provides - yet. Ponder their expectations. You just might discover a new product or service that will catapult your business to the forefront of the marketplace.

Complaints even generate business.

If you can develop your staff's ability to empathize with customers and resolve complaints in an effective manner, you'll often build customer loyalty. Generally speaking, people will respect a company that takes the time to hear them and makes an honest attempt to address their needs.

The best companies develop a clear-cut system for dealing with and learning from customer complaints. They put the process in writing and make sure all employees know what's expected. They assign a "complaint owner": someone who follows up and makes sure complaints are addressed in a timely fashion. They may keep a complaint log and review it on a regular basis. And they ensure that customers aren't left out of the loop.

Though sometimes frustrating, stressful, even maddening, customer complaints can provide precious intelligence for the business owner who's willing to listen.

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

973.325.3370

Sincerely,

**The Partners and Staff
Couto DeFranco, P.A.**



CERTIFIED FINANCIAL PLANNERS™

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EXCITING COUTO DEFRANCO NEWS:

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

2nd 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 2014"**

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

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magazine January 2015. Out of the 5063 wealth managers in New Jersey who were seriously considered for the award, 672 were named. This is their second time winning this prestigious award.

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