



Online Advisor

- MARCH 2016 -

MAJOR UPCOMING TAX DEADLINES

March 31 - Deadline for payers who file electronically to file 2015 information returns (such as 1099s) with the IRS.

March 31 - Applicable large employers (generally employers with 50 or more full-time employees in the previous year) must furnish Form 1095-C, Employer-Provided Health Insurance Offer and Coverage, to employees.

WHAT'S NEW IN FINANCES:

Talking about finances can improve your relationship

Greetings!

March is here; now is the perfect time to gather your tax documents and call our office if you haven't already done so!

Time is ticking...please fill out your tax organizer and send it to us with your tax documents.

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 and they will be entitled to a complimentary consultation.



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CAN YOU BENEFIT FROM THESE TAX BREAKS?

Here are tax breaks you may be able to use to reduce the amount you owe on your 2015 personal and business federal income tax returns.





With the due date for federal income taxes fast approaching, you may be wondering how you'll pay what you owe, or what you'll do with your refund. Have you discussed your options with your partner? Or do the two of you avoid talking about financial matters? If your answer to the second question is yes, you're not alone. According to a survey from the American Institute of CPAs (AICPA), financial decisions are a source of tension for 88% of adults between the ages of 25 and 34 who are married or living with a partner. Yet making time for the "money talk" could improve your relationship. The AICPA recommends that couples establish a habit of discussing finances and setting financial goals. Contact us for suggestions about how to get started.



Child credit. You can claim this \$1,000 tax credit for each qualifying dependent child who was under age 17 at December 31. The credit, which reduces your tax dollar-for-dollar, is partly refundable but phases out as your income rises.

Education benefits. The above-the-line deduction for higher education tuition and related expenses can reduce the amount of your income subject to tax by up to \$4,000. In addition, you can also claim the American Opportunity Tax Credit, a credit of up to \$2,500. Both the deduction and the credit are subject to phase-outs as your income rises.

State and local sales tax deduction. If you itemize, you can choose to deduct either the amounts you paid during the year for state and local income taxes, or your total state and local sales taxes.

Depreciable property. Under code Section 179, you can expense most types of otherwise depreciable real and personal property used in your business. For 2015, the maximum amount you can expense is \$500,000 of the cost of qualifying property you placed in service during the year. The \$500,000 is reduced when the cost of the property exceeds \$2,000,000.

Bonus depreciation. In addition to Section 179, you can benefit from the 50% bonus depreciation deduction for tangible personal property that you purchased and placed in service during 2015.

Work opportunity credit. Are you an employer? You may be able to claim a credit of up to 40% of first-year wages you pay to workers hired from targeted groups.

These are only a few of the benefits available for 2015. Give us a call for more tax-saving opportunities.

HOW ARE YOUR FINANCIAL CHOICES AFFECTED BY INTEREST RATE CHANGES?

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NEW BUSINESS: IS YOUR BUSINESS SOCIAL ENOUGH?

What's your digital marketing strategy? According to a recent survey by a technology company, email, websites, and social media are the top three marketing tools used by businesses. Lack of an online presence means your company may be missing opportunities to connect with customers. If you're neglecting your Internet marketing, consider outsourcing the task to a virtual assistant, or assigning an employee to handle website maintenance and social media accounts. Still feeling overwhelmed by the idea? Remember that online marketing is a complement to traditional methods of reaching customers. Start small. Even a basic website will help you engage, network, and interact. Let us know if we can help.

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ANALYZE YOUR BUSINESS BALANCE SHEET TO REVEAL PLANNING OPPORTUNITIES

Your company's balance sheet contains the information you need to uncover opportunities for growth as well as trends that can provide planning opportunities. Here are examples of what to look for.



Current ratio. The current ratio is calculated by dividing current assets by current liabilities. Current assets generally include cash, investments, short-term accounts receivable, inventory, and supplies. Current liabilities include payroll and other short-term payables, as well as current payments on long-term debts such as mortgages or bank loans. These accounts are classified as "current" because you generally expect to convert them to cash or pay them off within a year or during the current business cycle. For example, you might buy inventory on credit and plan to pay suppliers using proceeds from current sales. The rule of thumb: If your company's current ratio is greater than one, you have enough short-term assets to cover short-term obligations. If the number dips below one, your business may be headed for trouble.

On the other hand, if the current ratio is three or above, you could be neglecting profitable investment opportunities. For instance, you might have too much money sitting in a low-interest bank account when the funds could be used to develop a new product line, liquidate long-term debt, or invest in a more lucrative venture.

Working capital. Subtract current liabilities from current assets to arrive at this number. Like the current ratio, working capital indicates whether your company has enough cash (and short-term assets that can be converted to cash) to meet current obligations. Banks analyze this number because they're reluctant to loan money to a business that can barely cover existing commitments. The greater the amount of working capital, the more likely your company will make payments when due.

Debt-to-equity ratio. You can calculate the debt-to-equity ratio by dividing total liabilities by total equity (assets minus liabilities). The debt-to-equity ratio indicates whether your company is relying excessively on debt to finance current operations. Like the spendthrift who finances an extravagant lifestyle with credit



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Nelson J. Couto, Partner



Anthony DeFranco, Partner



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cards, a business that's heavily leveraged may find itself careening toward bankruptcy. Analyzing this ratio can help you make needed corrections before it's too late. Generally speaking, the lower the percentage, the stronger your company's financial health.

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.

EXCITING COUTO DEFranco NEWS:

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

3rd Year in a Row!!



on Facebook!



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 2015 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, 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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