



COUTO DEFRANCO, P.A.
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Online Advisor

- FEBRUARY 2015 -

MAJOR TAX DEADLINES FOR FEBRUARY 2015

- February 2 - Payers must provide 2014 Form 1099s to payees. (Brokers have until February 17 to provide Form 1099-B and consolidated statements to customers.)
- February 2 - Employers must provide 2014 W-2 statements to employees.

Coming up in March

- March 2 - Payers must file 2014 information returns (such as 1099s) with the

Dear Anthony,

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 2014 tax preparation fee.

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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IRS. (Electronic filers have until March 31 to file.)

- March 2 - Employers must send 2014 W-2 copies to the Social Security Administration. (Electronic filers have until March 31 to file.)

WHAT'S NEW IN TAXES

BUDGET CUTS TO IMPACT IRS SERVICE LEVELS



The IRS has revealed that its level of service to U.S. taxpayers is expected to decline due to a combination of factors - increased workloads and cuts to the agency's 2015 budget.

The increased workloads are

Check the filing requirements for 2014 tax returns

- Taxes are a frequent topic of conversation at this time of year, and a common question is, who has to file a tax return? The rules for filing 2014 tax returns are straightforward for most people.
- Single taxpayers (including those who are divorced or legally separated): If you're under 65 and had gross income of at least \$10,150 in 2014, you must file. If you're 65 or older, the cutoff is \$11,700.
- "Head of household" taxpayers (generally, unmarried people who provide a home to a child or other dependent): If you're under 65 and had income of at least \$13,050, you'll need to file. If you're 65 or older, the cutoff is \$14,600.
- Married taxpayers filing jointly: Filing is required if both spouses are under 65 and income is at least \$20,300. If one spouse is 65 or older, the cutoff is \$21,500. If both spouses are 65 or older, gross income must be at least \$22,700 to require filing. If you were married but not living with your spouse at the end of 2014, filing is required if you have income of \$3,950 or more, regardless of your age.
- Married taxpayers filing separately: If you made at least \$3,950, you must file, regardless of your age.
- Different IRS rules govern filing for certain widows and widowers, dependents, those who owe special taxes (e.g., self-employment tax), children under age 19, and aliens. If you have a refund coming, you will want to file regardless of your income level. If you qualify for certain tax credits, you may need to file a return to claim the credit even if you otherwise wouldn't be required to file.
- It's worth looking into your filing requirements. This year you may not have to file at all. The IRS doesn't want people to file income tax returns that aren't necessary. The reason is



partly associated with new tax issues related to the Affordable Care Act. The budget cuts will impact how the IRS is able to respond to customer service telephone and written inquiries. Also notable, the budget cuts could result in taxpayers who file paper returns experiencing delays in receiving their refunds.

On top of all this is the expectation that the IRS will have fewer resources to conduct audits, thus resulting in less revenue collection. IRS Commissioner John Koskinen says the decreased service levels are "unacceptable" and looks forward to finding a resolution.

WHAT'S NEW IN FINANCES

"ABLE" accounts can be set up to help the disabled

simple: Processing tax returns takes time and money. The IRS doesn't want to use its resources handling returns that weren't required in the first place. If you need more information or assistance with tax filing, please call our office.



New Business: Review your reimbursement of employees' health insurance premiums

Employers who reimburse employees for their individual health insurance

policies may find themselves in violation of the "market reform" restrictions in the ACA. The penalty for noncompliance with these restrictions is \$100 per day, per employee. It's important to note that these reimbursement rules apply to all employers, regardless of size, and for health care plans effective beginning on or after January 1, 2014.

Generally speaking, the ACA market reform requirements do not permit employers to subsidize or reimburse employees for individual health insurance policies on either a pre-tax or after-tax basis. It appears that employers may be allowed to increase an employee's taxable wages to provide funds that the employee may use to purchase an individual insurance policy. However, the employer may not require that the additional wages be used to pay for insurance; the employee must be allowed to decide whether to use the funds for that purpose or not.

Be aware that the IRS may issue further guidance on this issue. Because the penalties for noncompliance with the rules governing employer reimbursement arrangements are so severe, all employers should carefully review their situation to be sure they



The "Tax Increase Prevention Act of 2014" includes a section that authorizes tax-favored accounts for disabled individuals who can use the money in these accounts to pay for qualified expenses.

The "Achieving a Better Life Experience (ABLE)" accounts are designed around the tax framework of Section 529 college savings plans. The 2014 law authorizes these accounts beginning January 1, 2015.

Qualified distributions from the 529-ABLE, such as transportation and housing as well as education and medical expenses, will be tax-free. Nonqualified distributions will be subject to income tax, plus a 10% penalty.

Contact our office if you would like more details about ABLE accounts.

QUICK LINKS

are meeting the new ACA requirements.

How to ask for a business loan

There is no substitute for good preparation when asking for a business loan.

The lender has three main questions. How much do you want? For what will the money be used? How do you intend to repay the loan? There are several parts to the answers for each of these.

You will need a detailed list of what the money will go for. Are your expenditures reasonable in light of what you intend to accomplish? Will you be buying items which will improve your list of collateral to support the loan? The nature of what you are buying will help determine the payback period. The purchase of inventory will require a shorter payback schedule than, say, the purchase of machinery or a building addition.

Finally, how do you intend to repay the loan? Will repayment come from future projected profits? And if so, how will you repay if the profits are not forthcoming?

Here is a list of the written material you may be asked to submit:

- Income tax returns for the past three years.
- Company financial statements for the prior three years.
- Personal balance sheet with cost and fair market value of assets.
- Your personal resume including your business



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Nelson J. Couto, Partner

- experience and educational background.
- A business plan with projected financial statements including cash flow statements.
- Collateral list showing cost and market value as well as any debt against the items.
- Contracts that concern income intended to be used for loan repayment.
- Franchise agreements, if any.
- Lease agreement for the business premises if you don't own the property.

While assembling your loan package, keep in mind the lender's overall concern: how much do you need, for what will you use it, how will you pay it back?

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"

2nd Year in a Row!!

View my profile on
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Anthony DeFranco, Partner

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Facts and Small
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sure to "Like Us"
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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 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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