COUTO DEFRANCO, P.A.

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Online Advisor

- MARCH 2015 -

MAJOR TAX DEADLINES FOR MARCH 2015

March 16 -
2014 calendar-year corporation income tax returns are due.

March 16 - Deadline for calendar-year corporations to elect S corporation status for 2015.

WHAT'S NEW IN TAXES

Health care law adds new forms to tax filing

Dear Anthony,

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. If you would like to meet with us, call our office to schedule an appointment for a tax meeting.

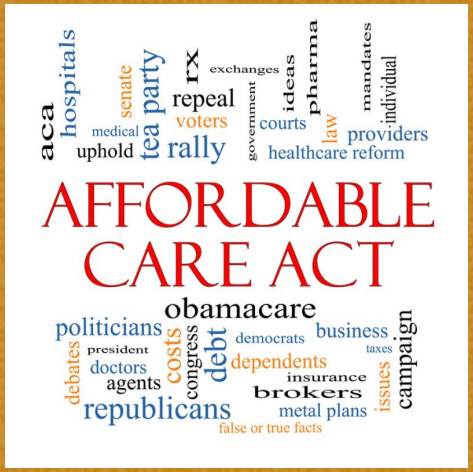
Now is the time of year when friends and family may be asking who you use to prepare your taxes.

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.

IF YOU LIKE US....[*"Like us" on Facebook! We will be posting up-to-date information and deadlines.*]



The "Affordable Care Act" will add some new tax forms to 2014 tax returns. While most taxpayers will simply need to check a box on their tax return to indicate that they had health coverage for all of 2014, others will have to provide other information.

Among the new forms:
* Form 8965 is used to report a Marketplace-granted coverage exemption or to claim an IRS-granted exemption. A worksheet in the Form 8965 instructions is to be used to calculate the shared responsibility payment.

* Form 8962 is used to reconcile advance payments of the premium tax credit or to claim this credit on the tax return.

* Form 1095-A is the form sent to taxpayers who purchased

Adjust your tax and financial course for 2015

Were you less than satisfied with your financial situation at the end of 2014? If so, making tax-smart decisions in 2015 could provide a helpful course correction.

Here are some suggestions to get you started on the right path.

*** Get structured.** That out-of-control feeling from last year might be due to a lack of organization. Set up a simple filing system to arrange your tax papers and records. Once you're organized, review your monthly expenses and establish a budget you can live with. Online tools can help make that job much easier, or you can give us a call. We'll be happy to help. Next, take your planning a step further and create an emergency fund. Consider setting aside six months of living expenses in an account you can tap easily.

*** Be strategic.** Examine your investment portfolio for potential tax savings, such as selling stocks that are worth less than you paid to offset your capital gains. You might also donate appreciated stock that you have held for more than one year to charity and avoid capital gains altogether. With the new tax on unearned income to watch out for, consider buying investments that pay tax-free income, such as municipal bonds.

*** Look again.** Some everyday tax moves deserve a second look. Review your employer's list of benefits to make sure you are making the most of them, including the lesser-known perks, if available, such as flexible spending accounts, commuting reimbursements, and employer-paid college expenses. If you

coverage through the Health Insurance Marketplace. This form will help them complete Form 8962.

The IRS encourages taxpayers to visit irs.gov/aca for more information about the Affordable Care Act and filing their 2014 income tax return.

WHAT'S NEW IN FINANCES
Some interesting IRA numbers

The IRS reports some interesting numbers on IRAs. Here are a few:

At the end of 2012, U.S. taxpayers held $5.3 trillion in IRAs.

Traditional IRAs accounted for $4.6 trillion of that amount; Roth IRAs accounted for $403

have a qualified high-deductible health insurance plan, consider the benefits of a health savings account. This is also a good time to analyze your tax withholding and estimates for 2015. Changes to your job, marital status or dependents, a new home, or a serious health issue - all of these life events can affect your tax situation. Adjustments now can put extra money in your pocket when you need it most.

***Go long.** In addition to strategies that yield immediate benefits, think about your long-term finances. Take full advantage of your employer's retirement matching program. Consider contributing the maximum allowed by law, especially if you are nearing retirement age. In 2015, you can contribute up to $18,000 to your 401(k) plan, plus a $6,000 catch-up contribution if you're age 50 or over.

*** Consider the myRA** (my Retirement Account), a new retirement option for 2015. While these accounts are not designed to replace other retirement plans, the benefits may make opening a myRA a smart idea. For example, the account charges no fees, is guaranteed not to lose value, and can be established with as little as $25.

Are you ready to think really long term? Review your will and estate plan. Even though the current high-dollar exclusions may shield you from the estate tax, there are still good reasons for you to have a solid plan in place.

If looking back at 2014 leaves you thinking you should have managed things better, take steps now to get your tax and financial plan back on track.

Generally, you don't have to file a gift tax return, Form 709, for gifts covered by the annual exclusion, but you must file this form if you tap into the lifetime exemption amount. Also, when you make a "split gift" with your spouse, the annual exclusion amount is doubled to $28,000 per donee, but a gift tax return is required even if you don't owe any tax. Furthermore, if you give a gift of a "future interest," such as a transfer of assets to a trust, a gift tax return must be filed in any event.

billion. SIMPLE plans were valued at $72 billion, and SEPs had a value of $272 billion.

$1.4 trillion of the value in traditional IRAs was held by taxpayers with an annual income between $100,000 and $200,000. Taxpayers earning between $50,000 and $100,000 a year held $1.2 trillion in IRAs.

In 2012, 3.7 million taxpayers contributed to traditional IRAs, and 5.5 million contributed to Roth IRAs.

Whether you're about to retire or have been retired for a while, we can help you consider the implications, including the tax impact, of a withdrawal plan. Give us a call.

GIFTING "APPRECIATED STOCK" COULD RESULT IN TWO DIFFERENT TAX TREATMENTS

Here are a few things to

In some cases, you might file a gift tax return when you're not legally required to. This starts the statute of limitations running on the time the IRS will have to challenge the valuation of the gift. It also discloses the gift for other purposes.

The deadline for filing federal gift tax returns is the same as the one for income tax returns. Thus, if you gave more than $14,000 to a donee in 2013, you have until April 15, 2014, to file the return, but you can apply for an automatic six-month filing extension. Caution: This extension is for filing only and not payment of any gift tax that is owed.

New Business: Start the new year with a five-step business review

If you own or manage your own business, you're probably busy monitoring operations and dealing with everyday problems. But there are a few things that you should make time to do every year. These are important for your longer term business and personal success.

1. Review your business insurance coverage. Don't just

consider when making gifts of appreciated stock.

If you are gifting to a qualified charity, you get a deduction for the fair market value of the stock even though your basis (cost) is less than the current value. When the charity sells the stock, there are no taxes due since qualified charities pay no taxes on contributions they receive. This is a win-win for both parties since the donor also pays no taxes on the appreciated value of the stock.

If you are making a gift to an individual, the rules are different. The one who receives your gift also takes your basis (cost) and holding period as his own. When he sells the stock, he will report the gain on his income tax return. If the recipient is in a low enough tax bracket, there may be no tax on the gain.

Take this example. Let's assume you purchased $2,000 worth of XYZ stock four years ago that is now worth $10,000. If you gift that stock to a qualified charity, you will get a deduction for $10,000, completely avoiding tax on the $8,000 of built in profit. If you gift the stock to an individual who sells it, he or she will

automatically write a check to renew your insurance policies when they come due. Instead, you should sit down with your insurance agent every year. Review your business operations, focusing on any changes. Discuss types of risk that could arise. Ask about new developments in business insurance. Use your agent's expertise to identify risk areas and suggest suitable coverage.

2. Review your business tax strategy. A month or so after you've filed your tax return, make an appointment with your tax advisor. Go over your return together and identify opportunities for tax savings. Question everything, starting with whether you're using the right form of business entity. Ask about recent changes in the tax code and how they might benefit your business. Make your advisor a "partner" in your business strategy.

3. Update succession planning for your business. Review your succession planning annually. You should have a specific plan for each key manager position, including yourself. Be prepared for a short-term absence or a permanent vacancy. Your plan might mean promoting from within or recruiting externally. An up-to-date plan can be invaluable if you have an unexpected vacancy.

4. Review your business banking relationships. Annually, you should go over your cash balances and banking relationships with your controller or CFO. Then both of you should meet with your banker. Ask about new products or services that could help your company. Address any service concerns or problems you might have had. Look for ways to reduce idle cash, boost interest earned, and improve cash flows.

5. Review and update your personal estate planning. If you're a business owner, your company is likely to be a significant part of your estate. A good estate plan is essential if you hope to pass it on to your heirs. But your company, your personal circumstances, and the tax laws are continually changing. You should take time each year to make sure your plans are current.

We can assist you with the reviews and planning necessary to your business's long-term success. Give our office a call.

report a gain of $8,000 on their income tax return. The tax, if any, is determined by the recipient's income tax bracket.

Which stocks you gift away, which stocks you sell, and those which you hold for another time should be determined by your long-range financial plans. Contact us for assistance in determining the best tax advantage of selling or gifting stocks.

QUICK LINKS

Services

Resources

Financial Planning

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

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!!

Nelson Couto and **Anthony DeFranco** honored

CERTIFIED FINANCIAL PLANNERS™

Nelson J. Couto, CPA, CFP™

Anthony DeFranco, CPA, CFP™

View my profile on LinkedIn

Nelson J. Couto, Partner

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Anthony DeFranco, Partner

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For Interesting Tax Facts and Small Business Updates, be sure to "Like Us" on Facebook!

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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