

Important Tax Information



- Fourth quarter 2013 individual estimated tax payments are due January 15, 2014.
- Starting mid-January, tax forms, including W-2s and Form 1099s, begin to arrive in your mailbox. Store them in a safe place for your tax season appointment.
- Due to the government shutdown, the IRS announced they would start accepting and processing 2013 individual tax returns no earlier than January 28, 2014, and no later than February 4, 2014.

the gift is not taxable to that person. However, depending on how much you give, you may need to file a gift tax return and pay gift tax.

The IRS allows you to give each individual up to the annual exclusion during the year without requiring you to report the gift by filing a gift tax return. The annual exclusion for 2013 and 2014 is \$14,000. Certain gifts do not count towards the annual exclusion, such as amounts paid directly to qualifying educational institutions for tuition or medical expenses.

If you give more than \$14,000 to one individual during 2013, you must file a gift tax return and report the taxable gift. Your gift will be taxable to the extent the amount given exceeds the annual exclusion. However, you can gift up to the lifetime exclusion before you are required to pay any gift tax. That amount is \$5,250,000 for 2013 and \$5,340,000 for 2014.

If you have made large gifts during this year, or plan to next year, be sure to let me know during our tax season appointment.

Large Holiday Giving Could Lead to Gift Tax



During the holiday season, we give gifts to our friends and family to show love and appreciation. In some cases, the amounts can add up and the conversation about gift taxes can arise. When you give cash or property to an individual,

Did You Know?

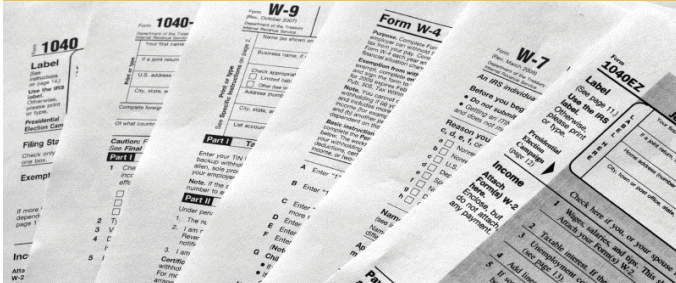
Bookkeeper is the only word in the English language that has three consecutive sets of double letters.

Quote Corner

Feeling gratitude and not expressing it is like wrapping a present and not giving it.

~William Arthur Ward

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- The personal exemption is a deduction that reduces your taxable income. Individuals are entitled to claim a personal exemption for themselves and any qualifying dependents. The personal exemption is \$3,900 for 2013 and \$3,950 for 2014.
- Schedule your tax appointment and gather your documents to bring to your appointment.

Tax Savings for Winter Colds



Jack Frost's whipping winds tend to bring running noses and winter colds. When visiting your doctor, if you receive a prescription for medication to help your cold, a health flexible spending account (FSA) could help your pocket book.

An FSA allows employees to be reimbursed for medical expenses. FSAs are usually funded through voluntary salary reduction agreements with your employer. The benefits of

an FSA are that no employment or federal income taxes are deducted from your contribution. Some employers will even contribute to your FSA account.

Withdrawals may be tax free if you use the funds for qualified medical expenses. You can withdraw funds from the account to pay for qualified medical expenses even if the funds are not yet in the account.

Your insurance company can provide you with a list of qualified medical expenses. In general, non-prescription medicines (other than insulin) are not considered qualified medical expenses for FSA purposes. However, it covers most medical, dental, vision and pharmacy expenses.

Medical FSA contributions are limited to \$2,500 per year. In general, the contributions must be withdrawn for qualified medical expenses by the end of your plan year. At year-end, a business can offer a 10-week grace period to use unspent FSA money or provide an option of rolling over up to \$500 of unused amounts in the account to the next year. The FSA plan cannot offer both and the option must be designated in the plan documents.

Did You Know?

According to the Tax Foundation, in 1997, 61 percent of all income taxes were paid by taxpayers over age 45. Today, that burden has jumped to 74 percent.

Quote Corner

Let us love winter,
for it is the spring of genius.

~Pietro Aretino