

For the third year in a row - third! - Congress made us wait to see the tax rules for LAST year. That's right, a series of important tax provisions expired LAST December 31st and we needed them to be extended to THIS December 31st. Apparently, they were - last night, December 11th. However, it now appears the beginning of the "tax season" will be delayed until between January 27th and February 3th. We'll keep you informed.

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Our goal At Purfill & Company, we believe our best client is a well-informed client, one who welcomes ideas and challenges us with ideas. Our strengths are in planning, strategies and actions where we can put our knowhow to work as opposed to the book-and-forms work favored by many accounting firms.

This newsletter is part of that information effort, but it's not the only part. *In addition to this, we want you to feel free to ask us anything. If it's a quick email, and doesn't require extensive research or effort on part, our policy is to absorb the cost internally.* That will also let us identify bigger opportunities as they emerge.

Circular 230 disclosure Under U.S. Treasury Department Regulations, we are required to inform you that, unless otherwise expressly indicated, any federal tax advice contained in this communication, including attachments, enclosures and links is not intended or written to be used, and may not be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any tax-related matters addressed herein.

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Estimated payment reminder

If your situation calls for quarterly estimated tax payments, the final one for 2014 is due on or before Wednesday, January 15th 2015. Here are some pointers to keep in mind:

- If you're behind for 2014 and you also receive wage income from an employer, make the payment up with a larger withholding from your paycheck.
- If you're having a cash flow shortage, pay what you can and make it up later. Better to make a small payment than none at all.
- Consider making monthly payments instead of quarterly. This reduces the pain. There's no rule prohibiting a monthly payment and the IRS and your state will be happy to receive the money.
- If you pay a few days late, it's not a problem. Unlike other debts, such as credit cards, there is no large late fee for missing a deadline, but only a small interest adjustment.

The penalty for failing to make quarterly estimates is a form of late payment fee: a percentage of your tax bill but not as steep as the one charged by your credit card company. However, because you don't get any credit for paying early, there's no point in paying earlier than you have to. All you're doing is giving the government an interest-free loan. That's where we come in. We use our judgement in calculating the best payment - sometimes no payment at all - for the best deal for you. However, your situation may change during the year and affect your payment requirements. If it does, give us a call.

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Congress finally acts

The House just passed a one-year renewal of more than 50 tax breaks that expired at the end of 2013, giving us another year of some favorite breaks - and a sigh of relief. Some of them are these:

- **Educator expense.** Teachers can take a deduction of up to \$250 for unreimbursed expenses.
- **Mortgage debt forgiveness.** This allows an exclusion for forgiven mortgage debt for qualifying homeowners.
- **Mortgage interest premiums.** If your lender wants you to pay private mortgage insurance, that's still deductible.
- **Deduction for sales taxes.** In states where there's little or no state income tax, you can deduct sales taxes paid.
- **Tuition and fees deduction.** You claim up to \$4,000 in education expenses depending on income level.
- **Tax-free IRA distribution to charity.** An IRA owner over 70½ can exclude up to \$100,000 per year.
- **Work Opportunity Tax Credit.** Employers get up to \$9,600 for hiring certain workers – including vets.
- **Section 179 expense increase.** Small and mid-size business owners can immediately deduct amounts up to \$500,000 paid for equipment rather than “depreciate” it as a business expense over several years.
- **Tax credit for residential energy efficiency improvements.** This is a credit of up to \$500 for qualified insulation, windows, doors and roofs, water heaters and heating/air conditioning systems.
- **Research and Development credit.** This has been an important business incentive.
- **Earned Income Tax Credit and Child Tax Credit.** These will continue to 2017.

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S tate issues for 2015

Absent actions from the US Congress the states are moving to solidify their financial positions with some important moves.

20th of the month sales tax

Effectively a stealth tax increase, most states have now implemented a 10-day shortening of the sales tax deposit and a requirement for the tax to be deposited electronically, giving them faster collection of the amount. The most recent adopter is Connecticut starting with the January Sales tax payment. For example, the January 2015 month:

Old due date, paid by check: Monday, March 2, 2015 (2/28/15 is a Saturday)
New due date, paid electronically: Friday February 20, 2015

Minimum wage

The federal minimum wage is \$7.25 per hour, probably for as long as there is a Republican-controlled Congress. So the states are acting on their own. Here are selected changes for 2015:

CA	Various changes by city in 2015 and 2016	click here
CT	January 1,2015	\$ 9.15
DC	July 1, 2015	\$11.50
FL	January 1,2015	\$ 8.05
MD	January 1,2015	\$ 8.00
MA	January 1,2015	\$ 9.00
NJ	January 1,2015	\$ 8.38
NY	December 31, 2014	\$ 8.75
RI	January 1,2015	\$ 9.00
VT	January 1,2015	\$ 9.15

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Contact list

You can contact any Purtil & Company employee by using the employee's first name and our company email location. So, for John, the email address would be john@purtil.com. Or, you can just click on the name below, which will open up your email editor.

We're presently interviewing for a new staff member and should have someone in place before our next newsletter edition.

John Purtil, CPA, CGMA

Financial and tax planning, business software, business planning, IRS problems, family businesses, AccountMate and QuickBooks issues.

Olga Bubnova, CPA

Tax returns, financial statements, tax planning, QuickBooks issues.

Jay Purtil

AccountMate, network administration.

Maurice Jordan

Webmaster, accounting systems, network administration.

Gretchen Fredericks

Work flow management, firm administration, client accounts, collections, AccountMate issues. Gretchen is the person to see if you've got a hot deadline or want to know where something is.

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