

Tax & Financial Guide

Business and Personal ACCOUNTING, TAX,
SOFTWARE & FINANCIAL PLANNING SERVICES

Tax Return Late Fees

If we prepared a tax extension for you on April 15, 2015, remember you have until June 30, 2015 to bring us your tax records to get your tax preparation done without paying us any late fees.

Clients getting their records to us in July 2015 will be assessed an extra 25% of their preparation fee. August 2015 will cost you an extra 50% of your preparation fee. If you wait until September 2015 to bring us your

records, it will cost you an extra 75% of your preparation fee.

Don't wait until October 2015 or you will probably pay at least double for your tax preparation. The tax returns are due October 15, 2015 and we will be out of the office October 13-15 which means they will need to be finished by October 12, 2015.

Save yourself some money, get your records to me in June.

Home Office For Business Only

Claiming the home office deduction continues to be an IRS audit red flag. That doesn't mean don't include a home office deduction on your tax return. As long as your home office is used *regularly* and *exclusively* for business, you may be entitled to take the deduction.

Exclusive means only business activity takes place in the home office. You cannot walk through the home office to get to other areas of the house. This may seem obvious but it doesn't stop taxpayers from including these nonexclusive areas on their tax returns.

Bogus Tax Returns And Refunds

More fraudulent tax returns are filed every year. Billions of dollars of bogus refunds are paid out each year. Once you are the victim, you must file a paper return and then wait patiently for your refund, which could take up to a year or even longer.

This year, it was nice to see that some of the criminals

didn't receive their fraudulent refunds. Some refunds were intercepted because the criminals used social security numbers of taxpayers with prior year tax debts, or used bad bank information. The bogus refunds were sent to the taxpayer affected by the scam and the other refunds were initially used to offset prior year tax debt.

Check Home Title After Loss

Did you know that when you sell or lose a home due to foreclosure or abandonment, your name isn't always removed from the real estate title? Some municipalities are very far behind on the filings. Other municipalities just aren't making the changes.

Anytime you sell or lose a home, take time to go to the website of the city it was located in to make sure the property is no longer in your name. When the title is not changed, the records will show you as the person owing back taxes. You could owe years of taxes on a property you haven't owned for years.

Tax Preparation Incompetence

The company that owns TurboTax is being sued with a class action lawsuit. The suit claims they are not doing enough to protect their customers' data from identity theft and fraudulent tax filings. Most of the TurboTax returns I have seen in the past five years have been incorrect, and now their clients are worrying about identity theft and fraudulent tax filings. Something to think about.

Second quarter tax estimates are due June 15, 2015.

If you want us to prepare them for you, we need your income, deductions and withholding amounts in our office by June 10, 2015.

Please call our office to discuss any of the items in this newsletter that may pertain to you.



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If you misplace your newsletters, or your information sheets that I have given you (i.e. contributions, enrolled agents, etc.), you will be able to find them on the web site.

Please note that our e-mail address is: sharon@murphyea.com.

PRIVACY POLICY

We do not disclose any non-public personal information about our clients or former clients to anyone, except as instructed to do so by such clients, or required by law. We restrict access to non-public personal information only to IRS or state authorities and we maintain physical, electronic, and procedural safeguards to guard your personal non-public information.

Roth IRA Benefits

If you are retired and your spouse still works you qualify for a spousal IRA, a good way to reduce taxable income and postpone taxes on retirement funds. Some taxpayers who cannot make contributions to traditional IRAs or Roth IRAs can make contributions to nondeductible IRAs.

You do not get a deduction on your tax return, but after you make the contribution you can convert the non-deductible IRA to a Roth IRA. The Roth IRA grows

without incurring taxes, and withdrawals - when you retire - are also tax free. Many taxpayers are considering whether to convert traditional IRAs to Roth IRAs.

Depending on your age, income level, pensions you will collect at retirement, and other tax aspects, it may be beneficial to convert part or all of your IRAs to Roth IRAs. 401(k), 403(b) and 457 plans can also be converted.

Accurate Social Security Statements

Social security earnings statements will be mailed to taxpayers ages 25, 30, 35, 40, 45, 50 and 60 three months before their birthdays if they don't have an online account set up. It is important that you verify the information on the

statements. You have three years to correct any incorrect amounts. If the wages on your statement are wrong and not corrected in time, it could affect the amount of social security benefits you receive.

Report Correct Income

If you are purchasing your health insurance through the Exchange (Obamacare), make sure the income you report is accurate.

A large number of people owe penalties with their

2014 tax returns. They either underestimated their 2014 income or chose to report less income than they knew they would earn.

You need to report your

Fraudulent Tax Returns

The IRS shut down their online "Get Transcripts" option but you can still get your Transcripts by mail.

It appears that 104,000 tax accounts have been breached by thieves, apparently Russians. The IRS sent letters to 200,000 taxpayers notifying them that thieves had tried to breach their accounts, and offered 1 year of free credit monitoring.

The IRS is having a hard time dealing with all the identity thefts, fraudulent tax returns, and now breach of their own website.



family income, not just *your* income if you are married. The income reported on your tax return is what must be reported when securing health insurance through the Exchange.



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