

Tax & Financial Guide

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

Withholding Adjustments

Now is the time to adjust your withholding taxes. If you owed taxes on your 2012 tax return, increase your withholding for 2013 so you owe little or no taxes when you file your tax return next year.

If you received a large refund, consider reducing your withholding so you either have more money to pay bills during the year, or

deposit in a savings account. The government isn't paying you interest on the loan you give them each year.

If you put aside money each month or each pay period, it's the same as having that money withheld from your payroll. At year-end, you will already have the money set aside and do not have to wait for an IRS or state refund.

Tax Extension Late Fees

If you haven't filed your 2012 tax return and we prepared an extension for you, get your records to our office by June 30, 2013 or you will be charged a late fee.

The fee will increase each month after June.

Your tax return is due October 15, 2013. The sooner you file, the sooner you get your refund. If you owe money, you will be charged interest and penalties from April 15, 2013 until you pay the taxes. Call our office when you are ready to send or drop off your records.

The Benefits Of Organized Records

Set up a place now to store the records and receipts that you will need to file your 2013 tax return. If you are organized and have a "tax spot", it will be easier to arrange your records in January to prepare your taxes. You will also be less likely to lose the records before year-end.

We have tax organizers that we can mail or email to you in January to help you gather your records. At the very least you must sign the engagement letter and

answer the questionnaire.

The questionnaire is very important because we use it to make sure we have the complete information needed to get you all the deductions you are entitled to. We can also just send you the letter, questionnaire, and client information pages.

You should review the client information page each year. We are surprised when a client informs us that the information is not correct and we discover it has been wrong for years.

W-2s Important

Each year during tax season, some people have a difficult time filing their tax return because they never received a W-2 for wages they earned. Some firms go out of business before year-end, or don't report the wages and tax payments correctly, or don't prepare the necessary forms.

Save your pay stubs for every job you have. At year-end, you can use them to make sure the information on the W-2 is correct. You can also use those pay stubs to file your tax return if your employer is nowhere to be found. Without W-2s or pay stubs, it is very difficult to file your tax return.



True Pro, Real Benefits

Because the IRS lost a lawsuit, tax preparers who are not CPAs, EAs, or tax attorneys can still provide tax preparation services to taxpayers. They will not need to be licensed or take continuing education classes.

What's the problem? It has been proven that there are a lot of "tax professionals" who aren't qualified to help taxpayers. Here, you're using a true professional. Let others know that these pseudo-professionals may not be providing the best assistance for tax preparation.

Second quarter
tax estimates are due
June 17, 2013.

If you want us to
prepare them for you,
we need your income,
deductions and
withholding amounts
in our office
by June 10, 2013.

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



Sharon L. Murphy, EA

7118 West Center Street
Milwaukee, WI 53210

Phone: 414/453-8655
Fax: 414/453-6396

Email: sharon@murphyea.com
Web site: www.murphyea.com

Murphy Financial Services, Inc.

web site is at www.murphyEA.com

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.

Make Charitable Donations Count

Noncash Verification....

If you give noncash items to charitable organizations, make a list of what you give them as you put together your bags, boxes, etc.

Put a value on them while they are fresh in your mind. Get a receipt from the charitable organization and staple it to your list. When we ask what you gave away, you will already have the date, what you gave, to whom you gave it, and the estimated value.

The other tax need is the original cost of the items. Establish a good estimate of what they cost when you purchased them.

Taxing authorities are getting pickier with noncash donations. That doesn't mean you shouldn't take the deduction. Just spend a few extra minutes to make sure you have the necessary information for your tax return.

Nonprofit Verification....

When you write checks to charities, make sure they are registered nonprofit organizations. There are many groups raising money for police, fire and veterans organizations that are fundraisers. The Tripoli shrine circus is an example. Though their letters specifically say

the payments are not tax deductible, many taxpayers assume they are deductible.

I spent a lot of time this year reading the documents these organizations send when thanking you for your "donation". Some state they are not tax deductible as charitable deductions.

Some say they are deductible to the full extent of the tax law. This does NOT mean they are. The documents must say "no goods or services were received by you".

The police and fire fundraisers tell you - in the small print - that they don't know how much money goes directly to the group they are raising money for. Some of these organizations are very high pressure on the phone and try to "guilt" you into giving money for the widows and children.

Ask them to send their brochure so you can check them out before giving them your hard earned money. You would be better off giving your money to the local police or fire personnel.

Go online to www.charitynavigator.org to check out the nonprofit organization you want to support. It gives you revenue,

administration expenses (including some wages), and other information. It is much easier to donate when you know more about the nonprofit organization.

Get Rent Receipts

If you pay your rent in cash, get a receipt from your landlord/landlady. If you qualify for a Wisconsin Homestead credit and they won't complete the form for you, you can use your rent receipts instead of the rent certificate.

Even when you don't qualify for a Homestead credit, you are still entitled to a rent credit on your Wisconsin tax return. So keep your rent receipts or the state could disqualify the credit.

Help Fight Cancer

I will be participating in my 10th 60 mile walk for breast cancer research in Phoenix this November. Looking for a good tax deductible donation? I would appreciate any sponsors.

If you would like to join our team, we would love to have you. I never thought I could walk 60 miles in three days but I was amazed that it was a lot easier than I thought it would be. If you would like to sponsor my walk, please let me know.



7118 West Center Street
Milwaukee, WI 53210

414/453-8655