

Tax & Financial Guide

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

Deduction Planning

Each year people look for ways to reduce their taxes. If you pay your deductions this year and postpone income to next year, it can reduce your tax liability. But we seldom control when we will receive income.

You may be able to postpone a year-end bonus until after the first of the year. Maybe you plan to cash in bonds, sell shares of stock or mutual funds, take a pension distribution, postpone or complete a Roth conversion, or sell property.

It may be beneficial to postpone the event to next year or split the event between this year end and early next year. We can determine the best plan for you.

Teachers will still be able to deduct up to \$250 of

classroom expenses (for which they are not reimbursed) on their 1040 Form. Additional teacher expenses may be deductible on Schedule A.

Retirement required distributions will be able to flow directly to charitable organizations making them nontaxable to the taxpayer.

Wisconsin will now allow deductions for private school tuition paid for dependents of up to \$4,000 per elementary pupil and up to \$10,000 per secondary pupil. These amounts include tuition and mandatory book fees. Pre-K is not included in this deduction.

Mileage rates for 2015 are 57.5 cents per mile for business miles, 14 cents per mile for charitable miles and 23 cents per mile for medical miles.



Taxes You Can Pay In December

State fourth quarter tax estimates are due 1/15/15. Some people choose to pay them in December to get the 2014 deduction but most pay in January.

Wisconsin real estate taxes are also due and most people pay them by 12/31/14 to take the deduction this year.

Some taxpayers may save money by paying them in January.

If you want to know which works best for you, call our office. If you need to pay the tax by 12/31/14 but don't, it will cost you many hundreds of dollars, a loss you cannot recoup.

Unclaimed Property

When you see an unclaimed property listing, take the time to check it out. In the past couple years I have been amazed at how many of my clients discovered that they had loved ones who died and left savings accounts, life insurance policies, or other items.

The relatives produced the proper documentation and were rewarded with money that they didn't know existed.

Another item of interest is if a pension plan is closed, the company is required to move the money into an IRA.

There are many people who have moved or didn't realize they were entitled to a pension. These closed pensions eventually are put on the unclaimed property listing.

Report Change

When certain things in your life change, you need to consult with your tax professional. Some of these events include changes in marital status, number of dependents, retirement, buying or selling a business, and buying or selling rental properties.

Fourth quarter tax estimates are due January 15, 2015. If you want us to prepare them for you, we need your income, deductions and withholding amounts in our office by January 8, 2015. If you itemize, it may be beneficial for you to pay your state estimate by December 31, 2014.

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.

Fraudulent Returns

Each year more tax returns cannot be e-filed because someone already filed a return using that social security number. Paper returns must be filed and it takes months to receive refunds.

You must also contact the credit bureaus to request an initial fraud alert (they will put a 90 day fraud alert on your account). We have been told to renew it after 90 days but the credit bureaus say they won't do that. You also need to get a credit report to make sure there are no fraudulent items.

Insurance Benefits

After a hail storm pounded the Milwaukee area on August 1, 2014, I was talking to an insurance claims adjuster about my friends' shredded plants. He said they should contact their insurance company.

Contribution Considerations

The IRS is scrutinizing more noncash contributions. Donations of household items or clothing must be in good condition. Valuations at the goodwill (www.goodwill.org) and Salvation Army (www.satruck.org) websites

Putting the fraud alert on your account entitles you to a free credit report from all three companies. You must contact each company to get the free credit report. Follow up with any businesses showing fraudulent items. It is a lot of work but may save you money in the long run.

The IRS will also give you a pin number to e-file your return in subsequent years. Without it, your return will be rejected. Secure the pin number. With it, someone could again file a fraudulent tax return.

They thought he was being ridiculous. But the insurance inspector found damage to their roof, skylights, and windows.

If you think you might have any damage, better to be safe than sorry. It doesn't cost you anything to have peace of mind.

can help.

If any donation is worth more than \$250, you need a letter from the organization stating they received a donation of \$250 or more. If you donate items worth over \$5000, you need to get

Tax Tips

Beginning in 2015, you can make only one rollover from one IRA to another (or the same) IRA in any 12-month period, regardless of the number of IRAs you own.

You can make multiple trustee-to-trustee transfers between IRAs. You can also make as many rollovers from traditional IRAs to Roth IRAs as you want.

2013 brought on the additional Medicare tax and the net investment income tax for high income taxpayers. Postponing some income sources can reduce those taxes.

If you have a pension plan at work, are you maximizing your contributions?

If you don't have a pension plan at work, are you making contributions to an IRA or a Roth IRA?

Making contributions to a pension will also reduce your tax liability.

them appraised.

Make a detailed list of the items you are donating. Many people take pictures of the items to show the IRS. If you don't have documentation of your donation, the IRS can disallow it.



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