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## Tax Planning Guide



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### IRS repeats warnings about identity theft

The IRS is again warning taxpayers to be on the alert for tax scams. According to IRS Commissioner John Kaskinen, millions of taxpayers have already been taken in by scammers impersonating IRS agents.

Whether initiated by sophisticated overseas operators or homegrown con artists, all bogus IRS schemes have a similar objective in mind: to steal your identity and gain access to your accounts. Phony IRS agents often use common American names and fake badge numbers. To enhance legitimacy, they may provide limited personal information about you, such as the last four digits of your social security number or birth date. Others may manipulate caller ID to show that the call originated from Washington, DC. If you reply to a call-back number, an answering machine may announce that you've reached the criminal investigation division of the IRS. A fraudster may even become aggressive and threaten jail time if you don't comply with his demands, then hang up and direct a co-conspirator to call back in the guise of a local policeman.

Some employ a different tactic, offering a carrot instead of a stick. You may be told that the IRS owes you some money. But to get your proffered refund you'll need to disclose bank account numbers and other personal information.

Crooks have used e-mail and other forms of electronic communication as well to perpetrate the scam. The text may include links to sham websites designed to mimic official sites, encouraging you to fill in forms with confidential data such as bank account numbers and passwords. E-mail attachments may contain malicious code designed to infect your computer or allow unauthorized access to your financial information.

### How can you tell whether the IRS is really contacting you?

The agency's official website ([www.irs.gov](http://www.irs.gov)) makes it quite clear: The IRS "does not initiate contact with taxpayers by e-mail to request personal or financial information. This includes any type of electronic communication, such as text messages and social media channels." The IRS website further states that the agency "will always send taxpayers a written notification of any tax due via the U.S. mail." IRS agents will never ask for credit card, debit card, or prepaid card information over the telephone. Nor will they ask for PINs, passwords, or other confidential access information.

If you think you might actually owe taxes, call the IRS directly. If you receive a call that appears bogus, ask for a call back number and employee badge number. Then report the details to the Treasury Inspector General for Tax Administration and the Federal Trade Commission (FTC) using their "FTC Complaint Assistant" at [FTC.gov](http://FTC.gov).

### Self-employment gives you some tax breaks

When it comes to taxes, being self-employed has some advantages. Whether you



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work for yourself on a full-time basis or just do a little moonlighting on the side, the government has provided you with a variety of attractive tax breaks.

• **Save for retirement.** When you're self-employed, you're allowed to set up a retirement plan for your business. Remember, contributing to a retirement plan is one of the best tax shelters available to you during your working years. Take a look at the SIMPLE IRA, SEP IRA, or Solo 401(k), and determine which plan works best for you.

• **Hire your kids.** If your business is unincorporated, employing your child under the age of 18 might make sense. That's because your child's earnings are exempt from social security, Medicare, and federal unemployment taxes. This year, your son or daughter can earn as much as \$6,200 and owe no income taxes. You get to deduct the wages paid as a business expense.

• **Deduct health insurance.** Are you paying your own medical or dental insurance? How about long-term care insurance? As a self-employed individual, you may be able to deduct 100% of the cost of these premiums as an "above the line" deduction, subject to certain restrictions.

• **Take business-use deductions.** Self-employed individuals can also deduct "mixed-use" items directly against their business income. Use your car for business and you can deduct 56¢ per business mile driven. The business-use portion of your computer purchases, Internet access, and wireless phone bills is also allowable. And if you meet the strict requirements, claiming the home office deduction makes a portion of your home expenses tax-deductible.

Please give us a call to find out more about the tax breaks available to self-employed individuals.

## More businesses are using part-time workers

Recent job statistics indicate that more employers are using part-timers to deal with variations in workload and for short-term projects. Here are a few tips your business will find useful if you hire part-time workers.

• **Communicate clearly with the part-timer.** Explain the person's duties, the hours and benefits, and the individual to whom the part-timer will report.

• **Tell your full-time staff why you're hiring the part-timer.** Make it clear what that person will and won't be expected to do.

• **Provide introductory training for the part-time worker.** Assign someone the new person can turn to with everyday questions.

• **Monitor the part-timer's progress.** Provide feedback on performance and recognition for doing a good job.

Pay attention to these points if you want hiring part-time workers to be a good choice for your company.

## Contact us soon for a year-end tax review

An important part of our service to you is to help identify actions you can take before year-end to minimize your 2014 income tax bill. Accelerating or delaying income and deductions, contributing to retirement plans, and taking investment losses are just a few of the strategies you might want to consider. There are also tax credits that require careful planning or they may be lost. If you'd like to discuss tax-cutting options that fit your particular situation, please contact us soon for a year-end planning review.

This newsletter provides business, financial, and tax information to clients and friends of our firm. This general information should not be acted upon without first determining its application to your specific situation. For further details on any article, please contact us.

