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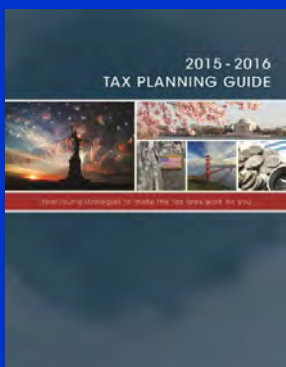
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Tax Planning Guide



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June 2016

June 15 is the deadline for your second estimated tax payment

June 15, 2016, is the due date for making your second installment of 2016 individual estimated tax. You can pay online, by phone, with a credit or debit card, or by check. June 15 is also the due date for calendar-year corporations to make second quarter 2016 estimated tax payments.

Make June business tax planning time

Looking for suggestions to reduce your 2016 business tax liability? Here are three tips to consider as summer gets underway.

- 1. Business trips.** When you travel on business this summer, you can write off your expenses – including airfare, lodging, and 50% of the cost of meals – if the primary motive of the trip is business-related. Costs attributable to personal side trips are nondeductible. If you travel by car, deduct actual business-related auto costs or a flat rate of 54 cents per mile (plus tolls and parking fees).
- 2. Hire your child.** Does your teenaged child need a summer job? If you hire your child, the wages paid for actual services rendered are deductible, the same as wages of other employees. The wages will be taxable to your child at your child's tax rate, which may be lower than your rate or that of your business.
- 3. Job credits.** When your business hires workers from certain "target groups," such as veterans and food stamp recipients, you may be able to claim the Work Opportunity Tax Credit. The maximum credit is generally \$2,400 per qualified worker. A special summertime credit is available for hiring youths residing in empowerment zones or enterprise communities who work for you between May 1 and September 15.

We have more summertime tax planning suggestions for your business. Contact us today.

Did you get your new "chip" card?

The latest credit cards have a new feature: a half-inch square on the card's face that looks like a mini circuit board. The square is a small computer chip called an EMV. The acronym stands for Europay, MasterCard, and VISA, the developers of the technology. Over the next several years, these chip-embedded cards are expected to replace the familiar magnetic strip technology on cards that you now swipe at point-of-sale devices. When you use your EMV card, you'll need to "dip," or insert, it into a new type of reader.

Why the change? The new chips are expected to improve credit and debit card security. Data on cards with the older technology is much easier for crooks to steal

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because the information on the magnetic strip is static and can be copied. As a result, a thief can use your card for multiple fraudulent transactions. Cards with the new chip are different. Every time you use an EMV card, the chip creates a unique transaction code. As a result, the newer cards aren't as useful to counterfeiters and card thieves.

Report your foreign financial accounts by June 30

June 30, 2016, is the deadline for filing the 2015 Form 114, Report of Foreign Bank and Financial Accounts, known as the FBAR. Not sure if you need to file? The general rule is that a return is due when you have a financial interest in, or signature authority over, foreign financial accounts if the aggregate value of those accounts exceeds \$10,000 at any time during the calendar year. The requirement applies to both individuals and entities such as trusts and businesses, and you may need to file even if your foreign account produces no income.

Be aware that June 30, 2016, is a "hard" deadline. Your 2015 Form 114 must be filed electronically with the Treasury Department no later than that date. No filing extension is available for 2015 forms – even if you filed an extension for your federal income tax return.

Contact us for assistance.

How to respond to an IRS notice

If you find yourself on the IRS mailing list, here's what to do.

- **Scan the heading.** The first line, generally printed in bold type and centered beneath your name and address, will tell you why the IRS is contacting you. Questions about missing information, additional taxes owed, or payments due mean you'll want to take prompt action to avoid more notices or assessments of interest and penalties.
- **Review the discrepancy.** You'll find the tax form and the year to which the notice applies printed in the upper right corner. Pull out your copy of the corresponding tax return, along with the supporting documents, and compare what you filed with what the IRS is questioning.
- **Prepare your explanation.** Are the proposed changes correct? Did the IRS misapply a payment? Whatever the issue, there's usually no need to file an amended return. However, the IRS typically wants a response, either by phone or mail, in order to clear the notice from your account.
- **Do not delay.** Ignoring IRS correspondence will not make it go away. Reply to the IRS in a timely manner even if you don't have all the information being requested.

Please contact us if you receive a notice from the IRS, or your state or local taxing authority. We're here to set your mind at ease by helping you resolve the matter as quickly as possible.

Your business may qualify for this extended tax break

The Work Opportunity Tax Credit gives employers a tax credit for hiring veterans and others who are members of "target" groups. Normally, you have 28 days after an eligible worker's first day to complete the necessary paperwork for the credit.

But the 28-day rule has been extended for some new workers that you hired between January 1, 2015, and May 31, 2016. For certain employees hired within that time period, the deadline for filing the required form is June 29, 2016. If you're a business owner, the extended date provides an opportunity to review last year's personnel files for credit-eligible employees. Contact us for details.

