

Mitchell Tax & Accounting

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December 31, 2013

Who has to file???	2013
Single	\$ 10,000.00
Single 65 and over	\$ 11,500.00
Married Filing Separate (MFS)	\$ 3,900.00
Head of Household (HOH)	\$ 12,850.00
HOH 65 and older	\$ 14,350.00
Qualified Widower (QW)	\$ 16,100.00
QW 65 and older	\$ 17,300.00
Married Filing Joint (MFJ)	\$ 20,000.00
MFJ 1 Spouse 65 or older	\$ 21,200.00

Standard Deduction		
Status	Base	Blind or 65YO
Single	6100	1500
MFS	6100	1200
HOH	8950	1500
QW	12200	1200
MFJ	12200	1200

Medical Expenses must be 10% of gross income, unless 65 years and over, then it remains at 7.5%.

New Tax Rates					
Single			Married Filing Joint		
%	Over	To	%	Over	To
10	0	8925	10	0	17850
15	8925	36250	15	17850	72500
25	36250	87850	25	72500	146400
28	87850	183250	28	146400	223050
33	183250	398350	33	223050	398350
35	398350	400000	35	398350	450000
39.6	400000		39.6	450000	

Married Filing Separate			Head of Household		
%	Over	To	%	Over	To
10	0	8925	10	0	12750
15	8925	36250	15	12750	48600
25	36250	73200	25	48600	125450
28	73200	111525	28	125450	203150
33	111525	199175	33	203150	398350
35	199175	225000	35	398350	425000
39.6	225000		39.6	425000	

2013 Capital Gain Rates						
Single		HOH		MFJ		
Percent	From	To	From	To	From	To
0	0	36250	0	48600	0	72500
15	36251	400000	48601	425000	72501	450000
20	400001		425001		450001	

Defense of Marriage Act (DOMA)

Same sex couples who were legally married in a place where there was a ceremony performed after September 1, 2013 MUST file a joint return. This will apply to Federal Tax Returns only!

Home Office Safe Harbor

Room in your house used EXCLUSIVELY for home office

Cannot have an actual office locally

Computation annual maximum of 300 sq ft times \$5.00

Standard Mileage Rates	
2013	
Business	0.565 per mile
Medical/Moving	.24 per mile
Charity	.14 per mile
2014	
Business	.56 per mile
Medical/Moving	.235 per mile
Charity	.14 per mile

Standard Meal Allowance	
Standard	
2013	\$52
Transportation	
2013	\$59
Transportation O/S US	
2013	\$65

If you receive a 1099-C, for Cancellation of Debt, please be sure to bring that in with your information. This is taxable income and MUST be reported on your tax return.

If you are a daytime gambler, the IRS is suggesting that you keep a Gambling Log. This means keeping up with all wagering for each session.

Alternative Minimum Tax	
Joint Filers	80800
Single & HOH	51900
MFS	40400
Kiddie Tax Filers	7150

If your taxable income is above this, AMT could kick in !!!

Offsets

You can call to check on possible offsets of your refund by calling Financial Management Services at 1-800-304-3107.

Gift Tax

The first \$14,000 of gifts made by a donor to each donee in 2013 is excluded from the amount of the donor's taxable gifts. This amount remains at \$14,000 for 2014 as well!

Earned Income Credit

If you qualify for EIC, you must bring all documentation to prove relationship, support, and time the child lived in the home.

If you claim **head of household**, your income should be enough to pay more than half the support of the household. If your income doesn't appear to be enough to pay these expenses, we need to know what other forms of support you receive. **If you are audited, the IRS will want to see rent receipts, utility receipts and other household expenses in your name.** Only one member of the household can claim this.

To **claim a child**, the child must be your son, daughter, stepson or stepdaughter, grandchild, brother, sister, stepbrother or stepsister, or a descendant of such person.

These dependents have to **live with you for more than half the year** and you must have provided more than half their support, unless the custodial parent has given you a signed form to claim the child anyway. **THIS DOES NOT INCLUDE WEEKENDS ONLY!**

To claim a **non-blood relative**, that dependent must live with you the entire year and you must have paid more than half their support and have proof of such with you.

This year you need to bring documentation such as school records, medical records etc that show the child you claim actually lives with you.

If you are NOT the **custodial parent**, we will need a signed form 8832 completed by the custodial parent releasing the dependency exemption to you.

To claim a **foster child**, that child has to be placed in the home by an agency.

Even if you claim the child as a dependent and received the child tax credit, the custodial parent claims the child for earned income credit. If the child lives with each parent half the year, the parent with the higher income claims the child for EIC.

IRS IS INVESTIGATING THOUSANDS OF RETURNS WITH EIC AGAIN THIS YEAR. MAKE SURE YOU ARE THE QUALIFIED PERSON TO CLAIM THIS CREDIT!!

Personal Exemption

2013 \$3,900 **2014** \$3,950

Exemption Deduction Phaseout Ranges for 2013

	Start of phaseout	End of phaseout
Single	\$250,000	\$372,501
HOH	\$275,000	\$397,501
MFJ	\$300,000	\$422,501
MFS	\$150,000	\$211,251

Legislation Extensions

Child Tax Credit

Child Tax Credit will remain at \$1000 per dependent child under the age of 17.

Adoption Credit

The maximum adoption credit is \$12970 per eligible child. The credit is non-refundable this year, but the credit may be carried forward for up to 5 succeeding tax years if it exceeds the individual's tax liability in the credit year.

Education Credits

American Opportunity Credit is extended through 2017 and can be used for 4 years of post-secondary education. The maximum credit is \$2500, equal to the first \$2000 of qualified expenses, plus 25% of the next \$2000 in qualified expenses. Qualified expenses are tuition and required fees, plus books. The student must be in their first 4 years of college, be at least a part-time student, and not be convicted of a felony.

Lifetime Learning Credit can be claimed for an unlimited number of years. The Lifetime credit is 20% of the first \$10000 of qualified expenses, for all eligible students, for a \$2000 limit per tax return per year. Qualified expenses are limited to tuition and related fees that must be paid to the educational institution.

Qualified Tuition Deduction for up to \$4000 of tuition and fees paid for attendance at any level of post-secondary education is extended to 2014.

\$250 Educator Expense is reinstated for 2013 for all elementary and high school employees.

If you are claiming tuition expense, we MUST have the 1098-T from the institution. It is best if the student will print out a detailed list of their financial account. Usually this can be done by logging into their student account and printing.

Self Employment Tax

If you received \$400 or more in self-employment income, you have to file a return. Be sure you have some form of record to show how you arrived at that figure. Also, if you have expenses in earning that income, we need to know that. For instance, mowing income should include cost of mower for depreciation, gas for mower, repairs etc. or an explanation of why you had no expenses in earning this money!

An additional .9% of Self Employed income in excess of the threshold amounts, will be added this year as part of the Additional Medicare Tax.

Kiddie Tax

In 2013, your dependent child does not have to file if his unearned income is \$2000.00 or less. This is interest, dividends, or other unearned income. The amount remains at \$2000.00 for 2014 as well.

Net Investment Income Tax

A 3.8% net investment income tax goes into effect starting in 2013 for individuals, estates, and trusts that have investment income above the threshold amounts.

MAGI Thresholds for the NIIT

	Threshold
MFJ	\$250,000
MFS	125000
Single	200000
HOH	200000

Affordable Health Care Act

We have had training in the Affordable Health Care Act. We will be able to help you calculate the Shared Responsibility Payment and figure your Premium Assistance Credit. We will also be able to give you a link to provide enrollment service.

Refund Anticipation Loans are no longer available. But we offer different bank products to have your fees withheld.

Money Clip Visa Prepaid Card

Have your refund within 21 days. Cost \$9.95. Fees are withheld from your refund.

Direct Deposit

Have your refund within 21 days. Cost \$19.95. Fees are withheld from your refund.

Recieve a Check at Our Office

Have your refund within 21 days. Cost \$31.95. Fees are withheld from your refund.

The cost is in addition to tax preparation fees and is withheld from your refund.

We look forward to seeing you soon!! IRS is not accepting returns until January 31, but we can get your return prepared and ready ahead of time. Call for you appointment!!

We also take cash, credit and debit for your convenience!

Things to bring:

W2's and 1099's
Social Security Statements
Interest Income Statements
Retirement Statements
IRA Distributions
Dividend Statements
Property Taxes paid
Mortgage Interest Statements
Advalorem taxes paid on your vehicle
Child care for your child, to whom paid,
federal ID #, amount pd per child
Education expenses: 1098-T
Charity and charity mileage
Student loan interest
Medical bills paid in 2013

Business Clients:

Business Income and Expenses
New Equipment purchased? Date? Amount?
Year End Inventory
Do we need to file tangible returns?
We need to know what counties you worked in and how
much earned in each county for Net Profits Tax
Business loan balances and interest paid for the year
Business mileage or unreimbursed employee mileage
Number of nights spent away from home for business
Do we need to file 1099's for you?

Remember to let us know if you got married, divorced, or dependents changed. Has your banking information changed from last year? New address? New phone? Give us your email so you can know when your federal return is accepted.

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