

Natic Taylor & Company, LLC

DECEMBER 2012

What's This Fiscal Cliff I Hear?

Now that the election is over, one thing is for sure, our taxes will go up starting next year – 2013. We would normally encourage pushing income into next year, however, things are different this time around. If you can bring income into this year, do so. If you can get a bonus this year, rather than next, bring it in this year. If you are below the FICA limit of \$110K, you will save 2% since FICA will go back to the regular 6.2% rate on Jan 1, 2013 (it is 4.2% in 2012). If you are planning to sell stock or any appreciated asset, do so this year, if possible. The 15% capital gains expires on Dec 31st and starting Jan 1st it will go to 20% and if your AGI exceeds \$250K add another 3.8%. Furthermore, all dividends will be taxed at ordinary tax rates (whatever is your highest bracket, instead of the 15% it has been).

None of us know how Congress will respond to the tax provisions (savings) that expired in 2011 & those that will expire this December 31, 2012, folks are calling:

**** The Fiscal Cliff ****

They only have a couple weeks to act. Because there are so many expected changes to the tax code, please be prepared for a delay in refunds. There are rumblings that the IRS will not have its systems ready to process tax returns until after March 1st. We can only hope, wait, and see. Speaking of refunds – the IRS will no longer provide a precise date for refunds on their website. This past year, too many taxpayers

complained that the date shown on the “Where’s My Refund” page was inaccurate, so the IRS will simply fuff the date with “Your refund generally arrives within 21 days of filing”. Also, noteworthy, the 2013 gift tax exclusion will increase from 2012’s \$13,000 per person per year, to \$14,000 per

Child Tax Credits

One of the expiring tax provisions which will impact most of you is the child tax credit which is currently \$1,000 per child under the age of 17. This credit is scheduled to go to \$500 starting in 2013. The maximum child dependent care credit will be reduced by \$660. These are real dollars that would normally come back and increase your refunds and if Congress does not extend these, we will all feel the impact in our refunds.

2013 Mileage Deduction Rates

- Business Mileage: increase from 55.5 cents, to 56.5 cents per mile.
- Medical: 24 cents per mile.
- Charitable: 14 cents per mile.

Be Prepared - Save Money

Needless to say, we must prepare ourselves in many ways for these tax increases and we need to do so with proper tax planning, not just at year-end, but throughout the year. Always make sure to get a receipt for all your charitable donations. If you're going to give, let's get the tax deductions you're entitled to. Additionally, we are encouraging you to look at other areas where you can save. Two that come to mind are your property taxes and your insurance costs. Most of us pay our property taxes through our mortgage payments and ignore that cost. This is an ideal time to consider having your home appraised, given that home values have dropped. Having a professional appraisal can reduce your property taxes by more than you think and the small cost for the appraisal is saved many times over by the property tax savings. One of our dedicated clients is D.S. Murphy & Associates, right here in town. The leader in appraisals.

Please feel free to give Scott a call or drop him an e-mail:

(678) 584-5900

dsmurphy@dsmurphy.com

Another cost to not ignore is your insurance. Deductibles, duplicate coverage, umbrella policies and overall carrier comparisons are critical areas to study to reduce your cost. Reach out to your insurance agent and/or broker or contact one of our clients:

1. Jim Somers – GEICO (770) 753-9300
JSomers@geico.com
2. Ben Gilleland – Norton Insurance (678) 714-4033
bgilleland@nortoninsurance.com
3. Dean Barnard – AllState (678) 455-8606
DeanBarnard@allstate.com

The Financial World

- Holiday Spending is estimated at \$59 billion, a 13% increase from last year!
- The International Energy Agency forecasts that the U.S. will be the world's top oil producer by 2017.
- Gifts in "the Twelve Days of Christmas" cost \$107,000 this year, and increase of 6.1%.
- Existing home sales rose 10.9% year-over-year through October.

The Fun Factory

Here's what's happening in our world:

- Philip and Krista are celebrating their 10 year wedding anniversary. Congratulations!
- Jess is gearing up for the Christmas season and highly anticipating the arrival of family from Chicago. Can't wait!
- Jeremy placed 3rd in the "Trash Dash and Bash" 5K amidst the buzzards, steep hills, and constant foul smell of trash. Way to go Jeremy! Sorry about the smell.
- Geni wants to go on a cruise for Christmas, but Edwin is staying put, huddled around the fireplace. (Peace & Quiet – must be old age creeping in!).

In celebration, we will be closed for the Holidays starting Monday, December 24th and will re-open on Wednesday, January 2nd.

As always, from our families to yours, May this be a safe and wonderful holiday season and may we all continue to be blessed in love and harmony.

The Natic Taylor & Company Family

www.ntccpa.com
or 'Like' Us on Facebook!