

Tax Dates & Updates



January 15, 2013 Fourth quarter 2012 individual estimated tax payments are due.

January 1, 2013 The Additional Medicare Tax goes into effect requiring employers to withhold an Additional Medicare Tax of 0.9 percent on wages or compensation it pays to an employee in excess of \$200,000 in a calendar year.

Your Holiday Giving May Help Your Taxes



The IRS recognizes the importance of donating to charitable organizations and allows taxpayers to report certain charitable contributions as itemized deductions. Contributions made to qualified organizations that are religious, charitable, educational, scientific or literary in purpose are deductible. It is important to verify the organization's charitable status. The easiest way to do this is to call or check the organization's website. A receipt is needed for any donation claimed on Schedule A, even the

dollar dropped into the red bucket or the text made to the Red Cross. If you do contribute to the Red Cross, keep your cell phone bill in your tax records.

Make note of nondeductible contributions: clothing or food given directly to the those in need is not deductible; the items must be given through a charity. Political contributions are never deductible. The value of time is not deductible—even if the work accomplishes something a paid position would otherwise accomplish or if it time off of work was taken.

Noncash contributions require records describing any property donated and the method used to determine its value. The taxpayer is responsible for valuing the property either through appraisal or through comparison to other property. Generally, charitable organizations will only issue a receipt stating the donation was made and will not assign a value. Special rules apply for donated stock, real estate and other capital assets that would have resulted in capital gains. Please consult a tax professional for guidance.

Did You Know?

The 1913 Form 1040 was the first income tax form. It was only four pages long and one of those pages was the instructions! The form was to be filled out by U.S. citizens making over \$3,000 and all nonresident aliens.

Quote Corner

The hardest thing in the world to understand is the income tax.

~Albert Einstein