

Ever wonder why you may need an Accountant or Tax professional?

Many key events in life can trigger the need for a reliable and professional Accountant. With our combined experience in business and personal accounting, we can help you meet your needs in events such as these...

Job Promotions - Does the salary associated with your new job push you into a new tax bracket? Did you cash in stock options or receive a large bonus? Your withholding amount may need to be adjusted to avoid penalties or an unexpected tax bill at the end of the year.

Business Development or Expansion - In light of issues such as legal liability and double taxation, is another legal form of business appropriate (e.g., C or S Corporation, Limited Liability Company)? [Single-member LLCs, where permitted by state law, generally are preferable to sole proprietorships because of their liability limitation advantage.] Sole proprietors - have you considered the tax benefits of employing family members in the business such as shifting income to lower tax rate family members, reducing self-employment income by employing a child under age 18, and obtaining a 100% (rather than 60% in 2000) deduction for health insurance by employing the owner's spouse and setting up an appropriate health insurance plan? Are you eligible to deduct your home office expenses?

Marriage - Although the world doesn't revolve around taxes, when there's a marriage in the works, you should at least be made aware of the tax results of holding the wedding this year or next. For example, if both spouses work, do you understand the tax impact of stacking one spouse's income on top of the other's? Does one spouse have a high risk of exposure to creditor's claims (because they own a business for example) that may be reduced through asset protection strategies?

Birth of a Child - Are you aware of the types of expenses that may qualify for the child care credit, including payments to maids, relatives, and day camps? Alternatively, if your employer offers a flexible spending account for child care expenses, have you considered taking advantage of it to pay for child care expenses with pretax dollars? If your children have earned income, should they set up individual retirement accounts (IRAs) not only to reduce taxes but also to get an early start on accumulating funds for their eventual retirement? Has any college planning taken into account the transfer (gift) tax implications, especially for grandparents who have no legal obligation to support their grandchildren?

College - Significant tax planning strategies are available for college expenses, including taking advantage of the Hope Scholarship Credit, Lifetime Learning Credit, and the deduction for interest on education loans. Proper planning will help taxpayers maximize their tax benefit from these credits by carefully timing when qualified education expenses are paid, determining who should claim the credit, and the type of credit claimed.

Retirement - If you are considering contributing to an IRA, was a determination made as to whether a traditional IRA or Roth IRA is the better choice? (The amount of AGI and coverage by an employer plan may affect the available choices.) As a self-employed individual, have you considered taking advantage of the deductions allowed through (and the income compounding benefits of) Keogh, SIMPLE, or SEP retirement plans? If you want to take distributions from a retirement plan or IRA prior to age 59, have the available exceptions to the 10% early withdrawal penalty been considered?

Sale or Purchase of a Home – If purchasing a new home, have you taken advantage of all available itemized deductions? If you are subject to alternative minimum tax (AMT), are you aware that real estate taxes claimed as an itemized deduction aren't deductible for AMT purposes? If selling your home, have you taken advantage of the exclusion for the sale of a principal residence?

Estate Planning - For sole proprietors who want to transfer a business to their children at their death, do you understand the estate tax benefits of the qualified family owned business deduction (and will it be necessary to restructure the estate to meet the deduction's requirements)? Do you know that retirement plan distributions are subject to both income and estate tax? Has consideration been given to ways to keep the value of employer-provided life insurance coverage out of your estate? If you intend to transfer a business or farm to family members at death, would you benefit from restructuring your estate to meet the special-use valuation rules? After considering your estate plan and overall family financial plan, has consideration been given to converting at least a portion of your traditional IRAs to a Roth IRA?

Rental Real Estate and Passive Activities - Are you taking advantage of all qualified rental expenses and deductions? If unused passive activity losses exist, have your passive investments been reviewed to determine if any should be sold to free up some losses? If your use of the special \$25,000 rental loss allowance is restricted because of excessive adjusted gross income (AGI), has consideration been given to ways to reduce AGI?

Capital Gains or Losses - Do you incorporate tax planning into your investment strategy effectively? Are you aware of the tax benefits of gifting or donating appreciated stock or mutual fund shares? If a capital loss carryover exists, do you have unrealized capital gains that can be recognized to utilize the carryovers? If unrecognized installment sale income exists, do you have unrecognized capital losses that could be recognized to offset the installment gain?

The information mentioned here in above is of general nature and cannot be regarded as legal or tax advice. For more information, please contact Anne Tahim at 714-772-4744