

Steven E. Burns Financial Services

steveneburns.com and burnsfinancialservices.com

2013 TAX CHANGES

Additional Medicare Tax

0.9% Additional Medicare Tax applies to Medicare wages, railroad retirement (RRTA) compensation, and self-employment income that are more than: \$125,000 if married filing separately, \$250,000 if married filing jointly, or \$200,000 for any other filing status.

Net Investment Income Tax

Beginning in 2013, you may be subject to Net Investment Income Tax- 3.8% of the smaller of (a) your net investment income or (b) the excess of your modified adjusted gross income over: \$125,000/250,000/200,000

Change in tax rates

The highest tax rate is now 39.6%.

Tax rate on net capital gain and qualified dividends

The maximum tax rate of 15% on net capital gain and qualified dividends has increased to 20% for some taxpayers.

Medical and dental expenses

You can deduct only the part of your medical and dental expenses that are more than 10% of your adjusted gross income (7.5% if either you or your spouse is age 65 or older)..

Personal exemption amount increased for certain taxpayers

Your personal exemption is in-creased to \$3,900- reduced if your adjusted gross income is more than: 150/250/275/300

Limit on itemized deductions

You may not be able to deduct all of your itemized deductions for adjusted gross income is more than: 150/250/275/300

Same sex marriages

If you have a same-sex spouse whom you legally married in a state (or foreign country) that recognizes same-sex marriage, you and your spouse generally must use the married filing jointly or married filing separately filing status on your 2013 return, even if you and your spouse now live in a state (or foreign country) that does not recognize same-sex marriage. If you meet certain requirements, you may be able to file amended returns to change your filing status for some earlier years.

Health flexible spending arrangements (FSAs)

You cannot have more than \$2,500 in salary reduction contributions for a health FSA for plan years beginning after 2012..

Expiring credits

The plug-in electric vehicle credit and the re-fundable part of the credit for prior year minimum tax have expired

Ponzi-type investment schemes

There are new rules for how to claim a theft loss deduction on Form 4684 due to a Ponzi-type investment scheme (Penny Auctions).

Home office deduction simplified method

If you take a home office deduction, you may be able to use a simplified method to figure it.

Standard mileage rates

The 2013 rate for business use of your car increased to 56½ cents a mile.

The 2013 rate for use of your car to get medical care increased to 24 cents a mile.

The 2013 rate for use of your car to move increased to 24 cents a mile.

The 2013 rate for use of your car for charitable purposes increased to 14 cents a mile.

*Sch A: ITEMIZED DEDUCTIONS: 2013

Must exceed: \$6,100.00 for singles \$12,200.00 married filing joint, and \$8,950.00 head of household

Medical expenses must exceed 10 % (7.5% if over 65 or older) of gross income **AND NOT PRE-TAX**

Doctor	Hospital	Drugs
Dentist	Glasses	Mileage @ \$.24/mi
Hotels @\$50.00/person	meals if out of town	Insurance premiums

Medical necessities: vans, home modifications, special equipment, (anything ordered by a doctor that is necessary to your health and not specifically excluded by IRS rules, including sex assignment surgery)

Taxes:

State income

Real estate

Personal property

Home Mortgage Interest for up to two homes:

Mortgage and (mortgage insurance premiums expires in 2014)

Home equity (if does not exceed value of home & points may not be deductible but amortized)

Points charged (to purchase or improve home on home equity)

Investment interest used to purchase investment property

Charitable Gifts/Volunteer work:

- **Contributions by cash or check**
- **All cash contributions require cancelled check, bank/credit card receipt, receipt from org**
- **Goods or services (actual cost/ \$.14 per mile)**
- **Single donations of over \$250.00 require an acknowledgment from the qualified org**
*Acknowledgment must: be written, list contribution amount, goods or services provided and a good faith estimate of the value of those services, and statement of intangible religious benefit such as admission to a religious ceremony or activity. An intangible religious benefit is a benefit that generally is not sold in commercial transactions outside a donative (gift) context.
- **Non-cash donations over \$500.00 require you to file a separate tax form with your return and have the documentation listed above**
- **Out-of-pocket expenses require adequate records: date, what the item was, value or cost(s), goods or services provided by org, and *acknowledgment (see above).**
- **Individuals 70/+ can donate directly from an IRA/retirement account without this being counted as income and still get deduction for a charitable contribution (unless renewed expires for 2014)**

Casualty and Theft Losses: (not covered by insurance, limited deductions)

Misc. Deductions: less 2% of adjusted gross income

Tax preparation fees

Safe deposit box

Legal and accounting related to taxes

Safety equipment, tools, uniforms, special clothing etc.

Union dues, professional organizations, publications, business mileage (Form 2106)

Required physical examinations

Employment agency fees

Moving expense adjustment: travel, meals, lodging, looking for work, moving expenses, etc- (must be 50 miles closer to job!)

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information from IRS Publications

Please consider Greg Brannon in the NC Republican Senatorial Campaign. He is the true conservative choice. His website is www.gregbrannon.com. He is a doctor (OB/GYN) from Cary, NC. With the emphasis on pro-life and Obamacare in the 2014 election, we need a strong knowledgeable voice running for office and defending the US Constitution in Washington, DC. Check Greg's positions and I'm sure you will agree with me- Greg Brannon is a true conservative that will support Christian values and economic sanity.