



# Clemmons & Company Inc.

"ONE ON ONE SERVICE IN ACCOUNTING, TAXES AND BUSINESS CONSULTING"

## NEWSLETTER

By: Faythe A. Clemmons, EA, ABA, ATP

December 2013/January 2014

### CHANGES, CHANGES, CHANGES!!!!!!

Why so many tax changes every year? That is the question. My guess is to keep us tax professionals being bookworms.

### TAX LAW CHANGES

- ◆ **Standard Deduction** – Single/Married Filing Separately increased to \$6,100. Married Filing Jointly/Qualifying Widow increased to \$12,200. Head of Household increased to \$8,950.
- ◆ **2013 Personal Exemption** - For each dependant the deduction is \$3,900.
- ◆ **New tax rate** - For 2013, the highest tax rate is 39.6%.
- ◆ **Additional Medicare Tax (AdMT)** - A tax of .9% on wages, compensation and self employment income when income is above certain threshold amounts.
- ◆ **Net Investment Income Tax (NIIT)** - A tax of 3.8% on certain net investment income when adjusted gross income is over certain threshold amounts.
- ◆ **Discharge of Residence Debt Excluded From Income** - Expired on December 31, 2013 unless extended.
- ◆ **Medical Expenses** - For 2013, you can deduct your medical expenses for the amount that is over 10% of your adjusted gross income unless you are 65 years of age or older and the 7.5% remains constant.

- ◆ **Sales Tax Deduction** - Expired December 31, 2013 unless extended.
- ◆ **Mortgage Insurance Premium Deduction** - Expired December 31, 2013.
- ◆ **Education Credits** - American Opportunity Credit extended through tax year 2017.
- ◆ **Adoption Credit** - Permanent tax credit.
- ◆ **Medical Flexible Spending Arrangement** For tax year 2013, the Medical FSAs will have a \$2,500 contribution limit for salary reductions.
- ◆ **Standard Mileage Rates** – For 2013, the standard mileage for business is 56.5 cents a mile; the medical and moving mileage rate is 24 cents a mile.
- ◆ **Home Office Deduction** - New standard deduction allowed for the home office deduction.
- ◆ **Bonus Depreciation** - Expired December 31, 2013 unless extended.
- ◆ **Section 179** - Qualified real estate improvements are still eligible for Section 179.
- ◆ **S Corp Election** - The IRS simplified the procedure for relief of a late S Corporation Election.

### THE LIGHTER SIDE

If an accountant's wife cannot sleep, what does she say?

"Darling, could you tell me about your work."

"I'm not going to pay taxes. When they say I'm going to prison, I'll say no, prisons cost taxpayers a lot of money. You keep what it would have cost to incarcerate me, and we'll call it even." –Jimmy Kimmel

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ACCOUNTING & TAX SERVICES  
FREE

Referrals for small businesses in need of accounting, tax preparation and tax representation are greatly appreciated. Individuals with complex tax issues as well as individuals requiring IRS representation for audits and filing/tax issues are also greatly appreciated. To express appreciation, Clemmons and Company will give a credit up to 25% of collected fees for eligible referrals that will be redeemable for our services. Tax preparation referrals in excess of four will qualify for free tax preparation. Non clients will receive a referral fee instead of a credit.

## ARE YOU SOCIABLE?

Do you want to keep up with the latest tax law changes and receive business tips? If so, then become sociable with Clemmons and Company.

Twitter: [www.twitter.com/ms1040](http://www.twitter.com/ms1040).

Facebook: <http://tinyurl.com/2ubaec5>.

Linked In: [Faythe A Clemmons](http://www.linkedin.com/company/clemmons-and-company)

Website: [www.ClemmonsAndCompany.com](http://www.ClemmonsAndCompany.com)

## EDITOR'S NOTE

We would like to welcome all the clients that joined our family in 2013. Another year has gone by where I am just so thankful for your loyal support. We love you all! Thank a million to my wonderful employees whom I love dearly. Please know that I could not have made it through another year without you!!!!

## INSIDE NEWS

It was an educational year for us at Clemmons and Company. Sara Bramham was promoted to office manager while still filling the position as assistant bookkeeper. Through the National Bookkeeper Association, she passed the test to become a public bookkeeper. Congrats to Sara for her hard work and accomplishment. I decided that I wanted to assist taxpayers more who were in tax trouble with the government agencies. Although I am licensed to do so already, I made the decision to obtain more education which promoted my decision to start the National Tax Practice Institute Fellow accreditation. This is a senior level representation course presented by some of the best tax experts in the country. Normally the course takes three years, but I will be able to finish the program in about a year. Sandy Valdes, account manager/senior bookkeeper, was on the move again. She has relocated to New York after her husband accepted another position upstate. Everything will remain the same, as Sandy will continue to work remotely for Clemmons and Company. Although Jamie Spear, account manager/senior bookkeeper, has been a busy bee with her new baby girl and family, she still made time to lend a helping hand during tax season. She made our load much lighter. We were all deeply grieved to see our Alexis Blackwell leave, but she moved on to other endeavors. Best wishes to you Alexis in all that you do. Nickey came back for a few weeks in the summer to unbury the filing with her very lively personality. Daniel Battle, Jr became our permanent office assistant. Who knew that he would double as our tech support and would bring many valuable ideas in such a short period of time. I was re-elected to the Board of Directors of the Palm Beach County Florida Society of Enrolled Agents for the 2013/2014 year.



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