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## First Class

John Murray CPA

Tax Newsletter

December 2016

*Survey by the National Society of Accountants found the average fee for a 1040 without itemized deductions was \$159, with itemized deductions was \$273, and a 1040 with itemized deductions and a schedule C was \$447. (I have been giving folks a bargain for years.)*

### Reminder on charitable gifts:

An acknowledgement is needed from a charity for donations of \$250 or more.

Gifts to friends or family have no tax consequences up to \$14,000 per year. Mom and Dad could each give to offspring and spouse \$14K each for a total of \$56K in one year.

**Filing dates:** Partnerships are now due March 15<sup>th</sup> one month earlier than the previous April 15<sup>th</sup> deadline. C corporations will be due a month later than previously. New deadline in April 15<sup>th</sup>. S Corporations continue to be due March 15<sup>th</sup> (no change).

**If you cannot pay:** File anyway and pay as soon as you can. Filing on time will avoid late filing penalties (5% per month) late payment is ½% per month. Individual returns can be filed electronically any time before or on the due date. Payment is not due until April 15<sup>th</sup> even if the return was already filed.

The MN legislature changed a number of laws related to death and estates here are the highlights:

### **Pet Trusts---**

Minnesota now expressly authorizes setting up a trust to provide for the care of an animal.

### **Increase to Intestate Share of Spouse in**

### **Blended Families---**

If you have a surviving spouse, but you or your spouse have descendants from other relationships, the intestate share of the surviving spouse now is: (i) the first \$225,000 of the estate, plus (ii) 50% of the balance of the estate.

### **Increase to Spouse Elective Share---**

In Minnesota, a spouse can elect to receive a statutory share of the overall estate (probate and non-probate transfers) if the estate plan does not leave the surviving spouse the required minimum amount. The new law increases the minimum amount of the share, from \$50,000 to \$75,000.

### **Increase in Exempt Property---**

Under the new law, up to \$15,000 worth of personal property passing to the spouse and children is exempt from most creditors. The law previously set the limit at \$10,000.

### **Summary Proceedings for Small Estates---**

Minnesota allows an abbreviated probate court proceeding when the estate value is relatively small. The new law increases the threshold from \$100,000 to \$150,000, exclusive of certain exempt property.

### **Access to Digital Assets---**

A new statute provides a framework and procedures for fiduciaries (such as trustees, personal representatives, agents under a power of attorney, and court-appointed conservators) to access or claim digital assets (online files, photos, writings, images) and electronic communications.

**Business rate for mileage 2016: 54 cents**

### **Here is a check list to prevent embezzlement and employee fraud:**

- Don't sign blank checks
- Ensure that all lines on a check are filled in
- Don't permit the same person who writes the checks to receive bank statements
- Reconcile accounts or permit the CPA to perform this service
- Screen job applicants thoroughly; check references

In addition, you should take the time to review statements, comparing them with past statements. Scrutinize signatures on canceled

checks monthly, or at least quarterly.

**Corporation returns will now be due April 15<sup>th</sup> instead of March 15<sup>th</sup>.**

**Partnership returns will now be due March 15<sup>th</sup> instead of April 15<sup>th</sup>.**

**1099s are due Jan 31<sup>st</sup>. Warning: The IRS is getting very tough on penalties on 1099s. If you paid anyone \$600 or more for business purposes, including schedule C filers (labor not material) then you should be filing 1099s.**

Why did the two cameras decide to get together for a date?

If they clicked, they wanted to see what would develop!

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***If you have had a substantial change in your financial situation this year or need to update your estimates please give me a call.***

**Phone calls and emails from the IRS demanding money are scams. The IRS will first contact you by US mail. If you receive a notice please contact me first.**

Reminder: I am a notary if you need something notarized give me a call and stop by the office. Free for clients.

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