



# Guide

## **Go-Pro Tax & Accounting**

(910) 805-1458

(704) 249-2781

Fax: (866) 929-5869

[www.Go-Proinc.com](http://www.Go-Proinc.com)

[info@Go-Proinc.com](mailto:info@Go-Proinc.com)



### **Do You Have Financial Independence?**

This week we are celebrating Independence Day. The question is do you have **Financial** independent?

Financial independence means different things to different people. For me it is time to do what I want. What ever financial independence is to you, it will take planning to achieve.

We at Go-Pro Tax & Accounting what to help you by taking every deduction or credit available legally to you.

We are just past the half way point for 2017. It is time for you to organize your records and set up your finances to save on taxes. We can set a date and time for a phone meeting to discuss your personal situation.

Some of you may need to take a look at your income to see if it is time to start a business to offset your tax bill or maybe it is time to think about incorporation. In either case lets take a look at where you are this year.

You can set up an appointment from our web site at [www.go-proinc.com](http://www.go-proinc.com).

## **Due Date Changes**

### **5500 form are due July 15**

**Reminder from 2016**—Tax due date have changed. Corporations are due in April while Partnerships and S. Corporations are due in March.

W-2s and 1099s are to be sent to the corresponding government office by Jan. 31.

## **New for 2017**

Mileage rate for business falls to 53.5 cents

Medical and moving mileage 17 cents

Charitable mileage 17 cents

For businesses we can expense up to \$510,000 of assets under certain circumstances.

Start-ups can opt to claim \$250,000 in R & D costs to offset payroll taxes instead of their regular income tax liability. Available to companies in business for five years or less.

Work opportunity tax credit will now include individuals out of work for 27 weeks or more and received unemployment benefits. This is a 40% credit on the first \$6,000 of wages for those beginning work after 2015.

Solar energy improvements are only for solar electric or solar water-heating in 2017.

**Expired or at least unless they get extended** are the \$2,000,000 forgiven debt exclusion on primary residences. Credit for installing energy-efficient windows and doors, and the PMI deduction.

**Missed deductions/credits** here is a list of some of the most missed.

Child & dependent care expenses, if your dependent is 13 or younger you can deduct the cost of day care while you are at work. However, if the care include over night stay then none is deductible.

Mileage is often missed. The miles you use to take the Sunday school participants to an event or to volunteer can add up. Miles to pick up the mail or office supplies for work is another.

If you take a distribution from a retirement account. You will need to know how much you put into the account that had been previously taxed so you do not pay taxes on this amount again.

## Individuals and families

**Contribute to an IRA** Next time I will talk about your choices

**Simple IRA** you may be able to deduct up to \$12,500 or \$15,500 if you are over 50.

**SEP IRA** up to \$54,000 or 20% of your adjusted net income which ever is lower.

(If you need to take money out of your IRA pick the one that has money that was already taxed that way only the gains will be tax able.)

**HSA** Making tax deductible contributions to a health savings account is another way to lower your AGI.

**Student Loan Interest** mortgage interest and student loan interest is the only ones you can deduct as an individual to take advantage of this opportunity. You can deduct up to \$2,500 if your modified adjusted gross income is less then \$80,000 for individuals and \$165,000 for married filing joint.

**\$250,000 exclusion on the sell of your primary home** I have been asked a number of times if I can take this exclusion only once in a life time. The answer is you can take this exclusion once every two years. You must have used the home as your primary home at least two years of the last 5. This why a lot of rehabbers will live in a home fix it up then enjoy it till the two years are up and then move onto the next. This is a slower way to build wealth but it is tax free income. By the way if you are married the exclusion is \$500,000.

## Business Clients

**Section 179 deduction** up to \$510,000 can be 179ed. There is also a bonus depreciation of 50% available on some purchases.

**De minimis election** I love this one. Many businesses are allowed to expense instead of depreciate assets purchased that cost up to \$5,000 per item.

**Domestic production activities** Manufacturers and businesses in construction may be entitled to claim a deduction for 9% of their qualified production activity income.

**Business auto use** if you use your personal auto to run business errands such as running to the post office or bank. To meetings with clients or employees can all be deducted. I recommend the standard mileage rate. Or if you have more than one auto maybe you can use one just for business. Then you would need your beginning miles for the year and your ending. One better would be to lease the auto to your company. Now you can deduct your actual cost including loan payment. Just be sure you do not lease your auto for more than your cost or you would have to pay taxes on the additional amount. Make sure you get with me to be sure you do it correctly.

**Home office deduction** depending on the amount of time you use your home office and the amount of space allocated to it you can take a portion of your home's costs. This includes electricity, water bill, heating bill, trash pick up, security cost, internet cost, telephone and insurance. To use this deduction your office must have 4 walls and a door, must be used only for your office (no personal items). A simpler method is to take \$5 per sq foot up to 300 sq feet.

**Small employer pension plan start-up costs** is 50% of administrative and retirement related education expenses for the first three plan years, up to a maximum credit of \$500 per year.

**Employer-provided child care credit** 25% of expenses to buy, build, rehabilitate, or expand property that will be used as child care plus 10% of the amount paid under a contract to provide child care resource and referral services to employees, up to a max of \$150,000 per year.

**Payroll of owner/officer** as a partnership, S. Corporation, or C. Corporation you must pay yourself a reasonable salary unless you can show you have other income coming in to our household to pay your living costs. But once you pay yourself this reasonable salary the rest of the earnings can be a distribution for S. and C. Corporations. This will be taxed at a different rate (no higher than 20%). But the main advantage is no Social Security or Medicare taxes.

**Time to review your business entity choice** This is also a good time to check to see if it is time to change the type of business entity you have.

**Health care** generally, premiums paid for group hospitalization and medical insurance for employees are deductible as a business expenses, and employees may exclude those amounts from their income.

Tax treatment is different if you are a partner or a more-than-2% shareholder-employee of an S Corporation. Business still deducts the cost but must include this as income on the W-2 for the shareholder-employee. *Another reason for a C. Corporation.*

### **Conclusion**

Income taxes can be a large expense. By making tax planning a priority, you can help keep the taxes you are required to pay as low as possible.

We hope you will find the explanations and tips presented in this Tax Planning Guide useful in your 2017 tax-planning efforts. For planning assistance or more information about the broad range of services we offer, please contact us.

*The general information provided in this publication is not intended to be nor should it be treated as tax, legal, investment, accounting, or other professional advice. Before making any decision or taking any action, you should consult a qualified professional advisor who has been provided with all pertinent facts relevant to your situation.*