

# *Sabel & Oplinger, CPA, PC*

ACCOUNTANTS AND CONSULTANTS

106 PROSPECT STREET, P.O. BOX 1307  
SOUTHAMPTON, NY 11969

TELEPHONE (631) 283-2370  
FAX (631) 287-4347

e-mail: [socpapc@socpapc.com](mailto:socpapc@socpapc.com)  
web page: [www.socpapc.com](http://www.socpapc.com)

## ***TAX ALERT***

*PERIODIC REPORT ON NEW TAX DEVELOPMENTS* - Published: January 2012

The *Tax Alert* is a periodic publication from the firm for clients, friends and business associates. We will bring to your attention new developments in taxation, focusing on individual, estate and gift taxes.

At the end of 2012, there are a number of major tax cuts set to expire. Washington will face the choice of letting income tax, capital gains, estate and other tax rates rise as scheduled or legislate an alternative.

In addition, there are new tax increases that take effect in 2013. There is a new 3.8% Medicare tax on net investment income. This change affects single taxpayers who have an AGI of more than \$200,000 and joint filers with AGI in excess of \$250,000. Unfortunately, the combination of expiring tax cuts, new tax increases, and Congress's inability to find common ground on tough issues is producing a level of uncertainty for tax professionals and taxpayers.

### **What's New for 2011 Tax Returns**

- The filing date has been extended to April 17, 2012 and the extension date is Monday, October 15, 2012.
- There will be new mandatory cost basis reporting by investment brokers for tax year 2011.

### **Foreign Bank Accounts**

- If you have a financial interest in or signature authority over one or more foreign financial accounts, with a combined value of over \$10,000 at any time during the year, you must disclose the account to the IRS.
- There are severe civil and criminal penalties for failure to file foreign bank account reports.

### **Schedule C – Small Business Issues**

- If you have a business that is reported on Schedule C, you may have made payments that need to be reported on Form 1099. There are two new questions on your tax return asking if you were required to file 1099s and if you did file them.
- The penalty for intentionally not filing 1099s has increased to \$250 per 1099.

The *Tax Alert* is a publication by Sabel & Oplinger, CPA, PC, for the use of its clients, their advisors and other friends. The technical information is necessarily brief and no final conclusions on these topics should be drawn without further review and consultation.

## **For 2012 Tax Returns**

- There are a number of tax provisions that expired at the end of 2011 that may negatively affect your 2012 estimated tax payments.
- There is no AMT patch for 2012. This means that many more taxpayers will pay an AMT tax in 2012 and those who are already subject to AMT will pay a higher amount.
- A popular provision that allowed IRA owners to make tax-free distributions from their IRA's to charities has expired for 2012.
- The state and local sales tax deduction and the mortgage insurance deduction have both expired for 2012.

The above presents a preview of what is ahead of us in the tax landscape. We will keep you apprised of changes that will affect you both personally and in your businesses throughout the year.

## **Checkup Suggestions For the New Year**

- Your Will and Health Care Proxy should be up-to-date. Remind your parents and relatives to update theirs as well, if they have not done so within the past 3 years.
- The new Estate Tax rules are temporary, expiring at the end of this year. Therefore, it is especially important to review your Estate Planning and Gifting to take advantage of these rules while they remain in effect.
- Check that your IRA's and retirement plans have proper beneficiary designations.
- Review your homeowners insurance for any changes that should be made to your coverage.
- Consider Long Term Care Insurance.
- The Family Documents Checklist, which was given to you with your tax return, should be completed and kept in a safe place. A family member or other responsible person should know where this is kept in case of emergency. If you need a new copy, it is available on our website in the Newsletters/Checklists section, or you may contact us.
- If you have not already done so, contact your investment manager to review your investment strategies for the new year.
- Review your pension deductions to make sure that you are making the maximum desired contributions. If you do not have a pension plan, make your IRA contribution early to start accumulating tax-deferred income as soon as possible.
- This is a good time to help out a charity. Consider donating appreciate stock for an additional tax benefit.

## **Website**

Please be sure to visit our website at [www.socpapc.com](http://www.socpapc.com). Along with information about our firm, you will find links to our newsletters, and links to payroll calculators and commonly used tax forms.