Where's My Refund Messaging?

The Where's My Refund? page will no longer calculate how long it will take for taxpayers' refunds to show up in their bank accounts. Instead, the page will display a standard notice informing taxpayers that most refunds can be expected within 21 days once the return has been processed. Nine out of 10 refunds were paid within that time frame last season. Before the return has been processed, the page will display "We have received your return and it's being reviewed."

If the refund has been delayed, the page will display the reasoning (if possible) and a graphic requesting the taxpayer to take action (if required). If a return has been flagged as fraudulent (i.e. identity theft), the reason will not necessarily display.

For example, if a return was flagged due to a math error or bankruptcy, the reason why the refund has been delayed will be displayed.

When the refund has been deposited, the page will display a message stating the refund has been deposited into the bank account and it may take the bank up to 8 days to process the deposit.

Social Security Wage Base

The Social Security wage base for 2013 will be $113,700, up from $110,100 in 2012. Once taxpayers reach this income limit, they no longer have to pay social security taxes on their wages. However, income above this limit is still subject to Medicare taxes, which have no annual limit.

Did you know…Ten years ago, in 2002, the Social Security wage base was $84,900.

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Need a break from tax time? Bend your brain on a bit of Sodoku.

Champions' Sudoku

		4		9		3	1	
		8		4				5
			3			7		4
7					4	2		
	9			2			5	
		6	5					8
6		7			5			
4				8		5		
	2	5		7		8		

UP to-the MINUTE
TIMELY TAX TIPS

WINTER 2013

Inflation Adjustments for 2013

The IRS has released the 2013 inflation adjusted figures for a number of tax benefits, including the gift tax exclusion and the nanny tax. Here are some of the new numbers:

• Annual gift tax exclusion: $14,000 per donee.

• Nanny tax reporting threshold: $1800 to any one employee per year.

• Kiddie tax: Amount used to reduce the net unearned income reported on a child's tax return subject to the "kiddie tax," is $1,000.

• The foreign earned income exclusion rises to $97,600.

• Exclusion for income from U.S. savings bonds: The income phase-out for the exclusion for taxpayers who pay for higher education begins at modified adjusted gross income above $112,050 for joint returns and $74,700 for other returns. The exclusion is completely phased out for modified adjusted gross income of $142,050 or more for joint returns and $89,700 or more for other returns.

• Medical Savings Accounts. The designation as a "high deductible health plan" for self-only coverage is a plan with an annual deductible not less than $2,150 and not more than $3,200, and under which the annual out-of-pocket expenses do not exceed $4,300; for family coverage, the annual deductible must be not less than $4,300 and not more than $6,450, and under which the annual out-of-pocket expenses do not exceed $7,850.

Does your Child have Investments?

Your child's investments could be taxed at your rate.

Some parents choose to place investments in their children's names. These investments can be a good tax-savings strategy depending on your income bracket. Investment income includes interest, dividends, capital gain distributions and gains from the sale of capital assets (stock). If you plan carefully, each child's first $950 of investment income will result in no tax. The next $950 of investment income will be taxed at the lowest rate of 10 percent.

It's important to know that if the investment income exceeds $1,900, and the child is under the age of 19 (age 24 if a full-time student), he or she could be subject to "kiddie tax" rules. If your child will be subject to this tax, contact your tax professional for further advice.

Charitable Contributions of Vehicles

You may have questions about donating used vehicles to charitable organizations. Donating a car is a good way to get a tax deduction, but increased scrutiny by the IRS means taxpayers need to have a good understanding of the rules related to the items claimed on their return.

For details, read the full article at: http://pktaxservices.com/archives/1353 or call your tax professional for advice.

New 2013 Pension Plan Limits Allow Contributions of $17,500

The IRS has announced its yearly cost-of-living adjustments for pension plan dollar limitations that take effect in Tax Year 2013.

Many of the pension plan limitations will change for 2013 because the increase in the cost-of-living index met the statutory thresholds that trigger their adjustment

Other limitations remain unchanged. Highlights of the changes appear below.

• The contribution limit for employees who participate in 401(k), 403(b), 457 plans, and the federal Thrift Savings Plan is increased from $17,000 to $17,500.

• The catch-up contribution limit for employees aged 50 and over who participate in 401(k), 403(b), 457 plans, and the Thrift Savings Plan remains unchanged at $5,500.

• The deduction for taxpayers making contributions to a traditional IRA is phased out for singles and heads of household who are covered by a workplace retirement plan and have modified adjusted gross incomes between $59,000 and $69,000. For married couples filing jointly, in which the spouse who makes the IRA contribution is covered by an employer plan, the income phase-out range is $95,000 to $115,000. For an IRA contributor who is not covered by an employer plan and is married to someone who is covered, the deduction is phased out if the couple's income is between $178,000 and $188,000.

• The AGI phase-out range for taxpayers making contributions to a Roth IRA is $178,000 to $188,000 for married couples filing jointly. For singles and heads of household, the income phaseout range is $112,000 to $127,000. For a married individual filing a separate return who is covered by an employer plan, the phase-out range remains $0 to $10,000.

• The AGI limit for the saver's credit for low- and moderate-income workers is $59,000 for married couples filing jointly; $44,250 for heads of household; and $29,500 for married individuals filing separately and for singles.

• The limitation on the annual benefit under a defined benefit plan is increased from $200,000 to $205,000.

• The limitation for defined contribution plans is increased in 2013 from $50,000 to $51,000.

• The annual compensation limit for determining allowable contributions is increased from $250,000 to $255,000.

2013 Mileage Rates

Beginning on Jan. 1, 2013, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

• 56.5 cents per mile for business miles driven

• 24 cents per mile driven for medical or moving purposes

• 14 cents per mile driven in service of charitable organizations

The rate for business miles driven during 2013 increases 1 cent from the 2012 rate.

The medical and moving rate is also up 1 cent per mile from the 2012 rate.

It's Risky to Base Retirement Plans on Working Longer

Working full time or part time for additional years can boost a retirement program and is a popular idea today.

By working longer, you may think you'll get more years of tax-deferred growth in your retirement accounts, and those assets will help sustain you for fewer years of retirement. Further, staying on the job will help maximize your Social Security benefit.

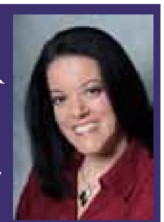
These are good reasons, but there can be a disconnect between your expectations and retirement date reality. Half of retirees surveyed by the Employee Benefit Research Institute (EBRI) this year said they left work earlier than planned, and just 8 percent of them did so because they could afford it or for other positive reasons.

Relying on delayed retirement is rolling the dice, says EBRI, but many people are willing to take the gamble. Oddly, those most likely to plan on working longer may actually have the least ability to do so.

In recent years, people in poor health were more likely than those in good health to push back their retirement date, according to consulting firm Tower Watson. But health problems or disability were most often cited by more than half of employees forced to retire earlier than they planned.

Saving more today is a sure thing, but extra years in the workforce are anything but. If you need to save more, it's best to start doing it now.

Pat's Pick



I "Run for Water" (a race to raise funds for Africa), I run for fun and I run for exercise. And as I travel the footpath, I have discovered a few mobile apps that are making my runs more interesting.

If you're new to running, try the "Couch to 5k" mobile app. This is a great program designed to get you race ready in about 9 weeks.

If you're a runner and looking for new routes, challenges or ways to track your progress, try the "Nike+" apps.

If you like to add versatility to your workout like swimming and cycling check out "RunKeeper Pro".

Need a little assistance with your workout plan? Try the "MiCoach" app which has motivating voice commands to get you moving.

Not sure if your running is helping you reach your fitness goals? Try "MyFitnessPal" for a way to track exercise as well as your diet and progress.

Interested in running a race and raising funds for a cause?

Check out "Active.com" for the right race, then contact me to discuss the tax implications and benefits to make the most of your philanthropic efforts.

More States Collecting Internet Purchases Sales Tax

More states are collecting sales taxes on Internet purchases. They are coming for your money and you knew they would.

You have probably noticed that some online vendors charge state sales tax, but many do not. That is going to change as cities and states eye big new piles of potential revenue from the Internet. Politicians at state and federal levels have been trying to overcome objections and put in place a structure to collect taxes online.

Key to the effort is Amazon.com's new support of a national sales tax, according to Kiplinger's personal finance.

Until now, the question has been one of how to collect the taxes. Retailers would have to somehow collect and remit taxes to thousands of jurisdictions, each with its own rates and rules.

Now with big Internet retailers behind the tax, the playing field is changing.

At the moment, retailers have to be located in a state to be required to collect taxes. But the states, who want to collect some $23 billion a year in Internet sales taxes, are broadening the rules.

In late 2012, 18 states passed "Amazon" laws, according to tax tracker CCH. Such laws might require retailers to collect taxes if they derive revenue from online links to an in-state business, or if they do business with a local distributor or warehouse. Ten other states have such legislation pending.

Until a federal law is passed, and that could be very soon, Amazon has made its own agreements with six states with six more to come in the next three years.

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