

Brian E. Lindberg, CPA, PC
CERTIFIED PUBLIC ACCOUNTANT
8836 Gull Road • Richland, MI 49083 • 269-629-4565
BELCPAPC@AOL.COM

Merry Christmas 2012!

Still waiting on congress...but here are a few potential updates.

Item #1: Business Standard Mileage Rates

On January 1st 2013 standard mileage rate increases to 56.5 cents per business mile driven from 55.5 in 2012.

Item #2: Business Section 179 Expensing

Maximum Sect. 179 expense deduction for equipment purchases is \$139,000 on certain business property put into service in 2012. In 2013 it's slated to change to \$25,000. For 2012 bonus depreciation is to 50% on qualified property; for 2013 it is 0%. If you have a large purchase in mind, call me quickly, because there are other considerations!!

Item #3: Long-Term Capital Gains Rates

Long-term capital gains rate is a maximum of 15% for 2012; for 2013 it should increase to 20%. Qualified dividends are taxed at capital gains rates for 2012. In 2013, they are slated to be taxed at ordinary income rates unless this gets changed by congress.

Item #4: Medical Insurance for W-2's

For 2012, employers are required to list medical insurance premiums on the employee's W-2's if you have more than 250 employees; for 2013 it is required for any size business.

Item #5: Obama-care (Affordable Care Act) affects

In 2013, joint filers with total wages of \$250,000, or individuals with \$200,000, you will see a .9% increase in your tax rate (be aware when you cash in stock options—they reflect in your W-2). Also, in 2013 there will be a 3.8% surtax on unearned income (dividends, interest, capital gains, sale of your home, passive income) for these higher-income individuals.

Item #6: Tax Deduction changes

In 2013, only those above age 65 can take the 7.5% AGI limit. Under age 65 will only be allowed to deduct medical/dental expenses that exceed 10% of their adjusted gross income. Dependent care tax credits will decrease from \$3,000 to \$2,400 in 2013. The "Child" credit will decrease from \$1,000 to \$500 per child.

Item #7: Additional Stuff:

Employee's social security reduced to 4.2% for 2012...who knows for 2013.

Flexible Spending Accounts/125-Plans For 2013, the Medical Reimbursement portion is reduced to \$2,500.