**April Tax Deadlines**

* **April 1** Deadline for payers who file electronically to file 2012 information returns (such as 1099s) with IRS.
* **April 1** Deadline for employers who file electronically to send copies of 2012 W-2s to Social Security Administration.

**NOTE:** Businesses are required to make federal tax deposits on dates determined by various factors that differ from business to business.

**Payroll tax deposits:** Employers generally must deposit Form 941 payroll taxes (income tax withheld from employees' pay and both the employer's and employees' share of social security taxes) on either a monthly or semiweekly deposit schedule. There are exceptions if you owe $100,000 or more on any day during a deposit period, if you owe $2,500 or less for the calendar quarter, or if your estimated annual liability is $1,000 or less.

* **Monthly depositors** are required to deposit payroll taxes accumulated within a calendar month by the fifteenth of the following month.
* **Semiweekly depositors** generally must deposit payroll taxes on Wednesdays or Fridays, depending on when wages are paid.

For more information on tax deadlines that apply to you or your business, contact Craft, Noble & Company.

**Extended Tax Breaks**

The new tax law signed in January extended a number of tax breaks that could lower your tax bill in 2012 and 2013. So check out the list below to see if any apply to you or your business.

**Extended for individuals:**

* The optional deduction for state and local sales taxes in lieu of deducting state and local income taxes.
* The above-the-line deduction for up to $4,000 for qualified tuition and related expenses.
* The above-the-line deduction for up to $250 for classroom supplies purchased by teachers.
* The deduction for mortgage insurance premiums.
* Allowing taxpayers 70½ or older to make tax-free contributions of up to $100,000 from an IRA to a charity.
* The exclusion from income for cancellation of mortgage debt of up to $2 million on a principal residence.

**Extended for businesses:**

* An increase to $500,000 in the Section 179 first-year expensing option for the purchase of new or used business equipment, with an investment limit of $2,000,000.
* 50% bonus depreciation on purchases of new business equipment.
* The research tax credit and the work opportunity tax credit.
* 15-year depreciation for leasehold improvements, restaurant property, and retail space improvements.

For assistance in identifying and applying all the deductions and credits that lower your taxes — both for 2012 and 2013 — please contact our office.

**New Home-Office Deduction**

The IRS is reducing the recordkeeping required for the home-office deduction, effective for 2013. Taxpayers who qualify may use a new optional deduction calculated at $5 a square foot for up to 300 square feet of an area in a home that is used regularly and exclusively for business. The deduction is capped at $1,500 a year.

Taxpayers opting for the simplified deduction cannot depreciate a portion of the home as they can under the other method. However, business expenses not related to the home, such as advertising, supplies, and employee wages are still fully deductible.

This simplified option is available starting with the 2013 tax return which will be filed in 2014.

**IRA (Employer) Conversion – Keep In Mind, Can’t Change Your Mind**

Under the new tax law, it is now easier to convert your employer-sponsored retirement plan such as a 401(k), 403(b), or 457 into a Roth IRA account. This is similar to converting your traditional IRA into a Roth IRA, but with one very significant difference.

When you convert a traditional IRA into a Roth IRA, you can change your mind and undo this conversion (also known as a recharacterization) by October 15 of the following year. This may make sense when the value of the account has dropped since you did the conversion, because you do not want to pay tax on a higher value than the account currently has.

When you convert an employer-sponsored retirement plan, you do not have the option of undoing the conversion by October 15. Once you convert your employer-sponsored retirement plan into a Roth IRA, it cannot be undone.

If you decide to convert your entire 401(k) into a Roth IRA, the entire balance will be taxable in the year of the conversion.

If you want to take advantage of this new provision, please contact our office first because there are some very important tax planning consequences to consider. If done without proper tax counsel, you may be paying more taxes than you should. In light of the new tax law, there are now more variables that need to be considered in your tax planning.