



CRAFT, NOBLE & COMPANY



Welcome to Craft, Noble and Company's e-news update. We hope that everyone is staying nice and toasty inside away from this cold weather. Here's the most current news for you to look over while you stay warm next to the fire. If you would prefer to receive a print copy of each quarterly e-newsletter, please call our office to place that request.

Be sure to follow us on social media for regular updates on changes in tax law, accounting concepts, firm news, and some fun. We are on Facebook, Twitter, and LinkedIn so be sure to check us out and stay connected.

Likewise, if you know a friend or colleague who might be interested in receiving this e-newsletter, just click the "Forward to a Friend" button. Privacy and confidentiality is a hallmark of our business, so you can be assured your name or address will not be shared with anyone.

Major Upcoming Tax Deadlines

January 17th- The final installment of 2016 estimated taxes are due. It's not too late to make a payment and lower your final bill! Give us a call to get a final estimate.

January 31st - The filing deadline for W-2's, 1098's, and 1099's to employees and recipients for 2016.

March 15th- S Corporation and Partnership tax returns on the calendar year are due.

April 18th- Individual and C Corporation tax returns are due!

Payroll Tax Deposits- Employers must make their deposits for the Form 941 payroll taxes (federal income tax withheld and the employee and employers share of the social security taxes). These deposits should be made either monthly or semiweekly depending on your deposit schedule. Exceptions apply if you owe \$100,000 or more on any day during the deposit period, if you owe \$2,500 or less for the calendar quarter, or if you estimated annual liability is \$1,000 or less.

Monthly deposits- These deposits are required to be paid within a calendar month by the fifteenth of the following month.

Semiweekly deposits- These deposits are required to be paid on Wednesdays or Fridays, depending on when wages are paid.

For any questions you may have on these deadlines, contact our office.

Get Ready for Tax Season

January 23, 2017, is the day the IRS will begin accepting electronically filed 2016 tax returns, and April 18, 2017, is the last day for filing your 2016 return. Are you expecting an income tax refund this year? In general, you can expect your federal refund to be issued approximately 21 days after your electronically filed tax return has been accepted. However, identity theft is still a major problem, and the IRS continues to implement new strategies to protect taxpayer data. For example, if you claim the Earned Income Tax Credit or Additional Child Tax Credit on your 2016 individual federal income tax return, your refund will be held until February 15 (see our following article below for more information).

Our organizers will be mailed in January to you for your reference in gathering all your tax information. Give us a call when you are ready for your taxes to be done so we can sit down with you and review how your year went, professionally and personally.

Update your Mileage Reimbursements

The standard mileage rate for business driving in 2017 is 53.5¢ a mile, a decrease from the 2016 rate of 54¢ per mile. You can use this rate for cars, vans, pickups, and panel trucks instead of tracking the actual costs of operating those vehicles for business purposes.

In addition to the mileage rate, a separate deduction may be claimed for parking fees, tolls, interest relating to the purchase of a business automobile, and state and local personal property taxes.

The standard business mileage rate isn't applicable to automobiles used for hire, such as taxicabs, or for fleets of automobiles you use simultaneously. One other caution: You can't use the standard rate if the vehicle was depreciated by other than the straight-line method, including bonus depreciation or the Section 179 deduction.

A depreciation component of 25¢ a mile is included in the 2017 business mileage rate (up from 24¢ in 2016). This depreciation reduces your cost basis in the vehicle.

If you expect to be traveling for business this year consider purchasing a travel log, downloading the MileIQ app, or having your oil changed to log your current odometer reading.

Are your workers Independent Contractors or Employees?

If you're a business owner, you have financial incentive to want to classify workers as independent contractors rather than as employees. Why? One reason is that you're required to withhold and pay taxes on employee wages, and you may need to offer employee benefits such as paid time off and pension contributions. None of these are required with independent contractors.

While the IRS generally scrutinizes worker classification closely, you may have legitimate reasons for hiring independent contractors. The facts and circumstances decide the proper treatment of your workers - and getting the classification right will help you avoid the prospect of back payroll taxes, penalties, and interest.

So how do you go about getting the classification right?

- **Start by reviewing the degree of control your business has over the worker and the job function.** For example, your company may have the right to control how and when the worker does a job. That's called behavioral control, and can mean the worker is an employee.
- **How do you pay the worker** - by the hour or by the job? Who provides the tools and supplies for the job? The answers to these questions indicate the level of financial control you exert over the worker. The more control, the more likely the worker is your employee.
- **What sort of relationship does your business have with the worker?** Is there a written contract between your business and the worker spelling out the division of rights and responsibilities? Is the job for your company ongoing, or does the worker perform services for other customers? Those factors can separate workers from independent contractors.

Arriving at the proper classification requires examining all aspects of your business relationship with the worker. If you need assistance, give us a call.

Planning on Having Education Credits? Get Your 1098-T

Beginning in 2016, taxpayers will not be allowed to claim the American Opportunity Tax Credit or the Lifetime Learning Credit under §25A, or the tuition deduction under §222, unless the taxpayer has received a Form 1098-T from the educational institution.

Be sure to remind the students in your life to get this form from their educational institution, either online or by mail.

Certain Refunds will be Delayed until February 15th

The Internal Revenue Service is delaying certain refunds until February 15th. The delay is designed to give the IRS more time to screen these returns for fraud. The IRS estimated that it issued \$3.1 billion in fraudulent tax refunds to identity thieves in 2014. This is actually down from an estimated \$5.8 billion in 2013. Over the two years, the IRS says it blocked an additional \$47 billion in fraudulent refunds.

The following refunds will be delayed:

- Earned Income Credit- The EIC is one of the federal government's largest anti-poverty programs. In 2014, 29 million families received more than \$72 billion in EIC credits on their returns.
- Additional Child Tax Credit- The Additional Child Tax Credit works along with the Child Tax Credit in allowing families to receive a portion of the credit as refundable dollars. In 2014, more than 20 million families received the ACTC in the form of \$27 billion in refunds.

You have our number, so give us a call if you don't know if you have claimed these refunds in the past. We'll be happy to determine whether your eligibility and inform you of when your return will be filed with the IRS.

To finish off the newsletter here is some information on taxes over the last 100+ years. How would you like the 94% tax rate now days? We hope to see you all soon!

Did you know...

the top tax bracket in the US was once 94%



But when the income tax was first instituted, the top bracket was 7% and you had to make \$2M to qualify... the rough equivalent of \$112B today.

(not even our friend Warren Buffett would make the cut)



Actually, the Supreme Court originally ruled the Income Tax unconstitutional...

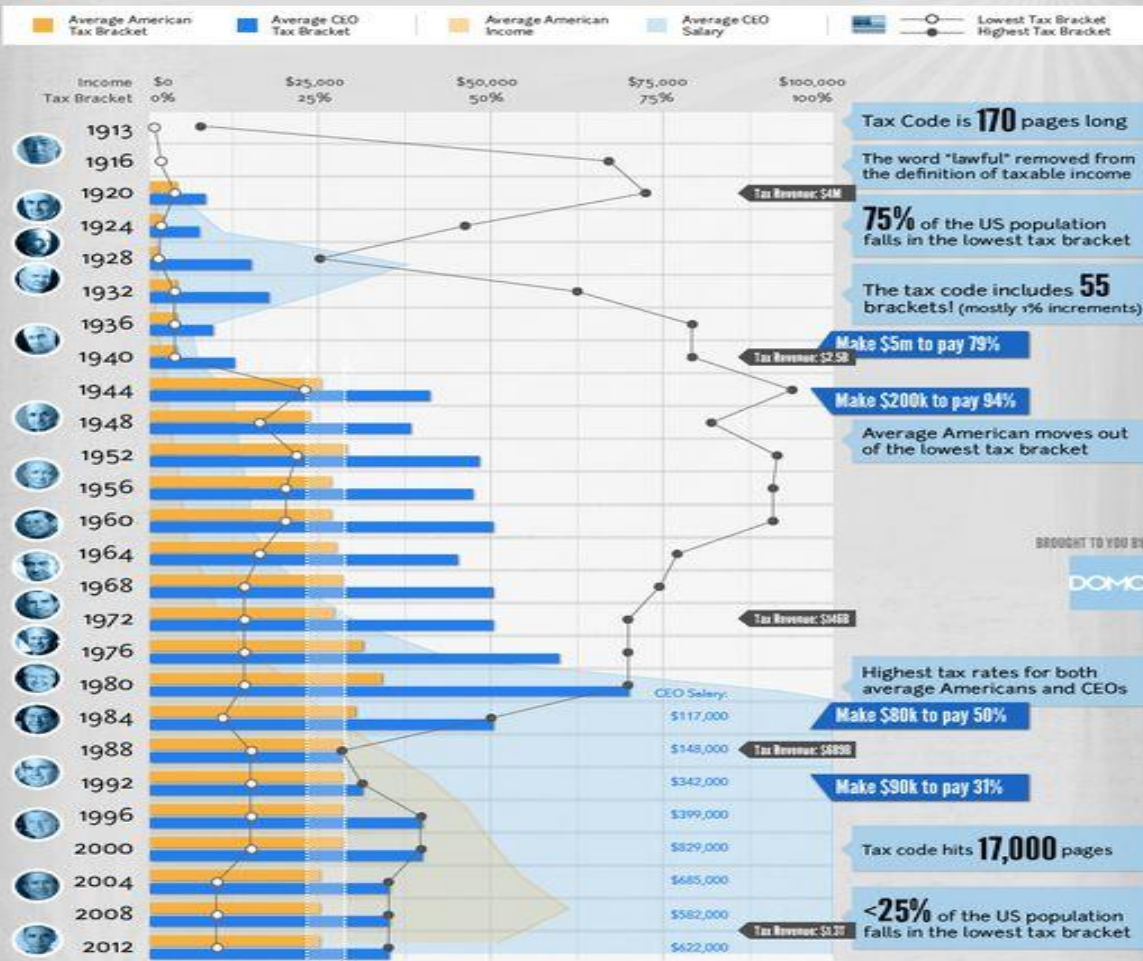
...and Congress repealed it after the Civil War (what would they do with the money anyway, right?)

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Income Tax as we know it began with the Revenue Act of 1913...which means that whoever is inaugurated in February will be just in time to celebrate

100 Years of the Income Tax

(What the Average Joe and the Average CEO have been Paying Through the Years)



Base income tax rates have only been raised 5 times in 100 years

Tax rate on the avg. American income has been within 3% of 25% since 1944 (excluding 1975-85)

What's in store for the next 100 years? ...the story starts Nov. 6

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