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Selling Your Home

Article Highlights

- Individuals can exclude up to $250,000 ($500,000 for a married couple filing jointly) of gain from the sale of their primary residence.
- Generally, to qualify for the exclusion, the home must have been owned and used as a primary residence for two of the prior five years.
- Reduced exclusions apply in certain circumstances where the home was owned and used less than the required two years.
- Special rules apply to a home acquired via a tax-deferred exchange that was formerly used as a rental or when a portion of the home was used for business.
- Un-excluded gain is subject to more favorable capital gains tax rates.

During the summer months, many people sell their homes and move to a new location. Many of those individuals will make a profit on the sale and still will not have to pay a single dime of additional income tax to the IRS. If you are in this position, you may find the following information useful.

Generally, a profit is made if the selling price of a home is greater than the price that was paid to purchase the home. That profit, considered a capital gain, is usually subject to income tax. If there is loss, the loss is generally not deductible since the home is personal use property. However, under certain circumstances, the law allows you to exclude all or part of that gain from your income – that is, tax may not have to be paid on the profit.

Individuals may be able to exclude up to $250,000 of home sale capital gain, and married taxpayers filing joint returns may be able to exclude up to $500,000. The exclusion may be claimed each time the main home is sold, but generally not more than once every two years. An unmarried surviving spouse may be able exclude $500,000 if the sale occurs no later than two years after the date of the other spouse's death.

To qualify, you must meet both the ownership and use tests.

- Ownership Test: During the five-year period ending on the date of the sale, you must have owned the home for at least two years.
- Use Test: During the five-year period ending on the date of the sale, you must have lived in the home as your main home for at least two years.

If you file a joint return with your spouse and both of you meet the use test, you normally will be able to claim the exclusion for married couples even if only one of you meets the ownership test.

If these tests are not met, a reduced amount of the home sale gain may still be excluded. But the home must have been sold for other specific reasons, such as serious health issues, a change in the place of employment, or certain unforeseen circumstances (such as a divorce or legal separation), natural or man-made disasters resulting in a casualty to the home, or an involuntary conversion of the home.

For individuals on qualified official extended duty in the U.S. Armed Services, the Foreign Service, or the intelligence community, the five-year test period may be suspended for up to ten years. Military service is considered qualified extended duty when, for more than 90 days or for an indefinite period, that individual is:

- At a duty station that is at least 50 miles from his or her main home, or
- Residing under government orders in government housing.

If you have more than one home, you can exclude a gain only from the sale of your main home. You must pay tax on the gain from selling any other home. If you have two homes and live in both of them, your main home is ordinarily the one you live in most of the time.

Additional complications may apply if the home was acquired via a tax-deferred exchange, was previously a rental, or was used partially for business.

If you have a gain after applying the allowable exclusion, that gain will be reported on Form 8949 and the gain taxed similar to gain from selling stocks and bonds. If held a year or less, it will be a short-term capital gain taxed at ordinary income tax rates. If held for more than a year, it will be taxed at the more favorable long-term capital gain rate, which varies from zero to 20% (the higher your income for the year, the higher the capital gain rate). If you have capital losses from sales of other property during the year or capital loss carryovers from prior years, they can be used to offset the home gain that exceeds the exclusion amount.

If your modified adjusted gross income for the year exceeds $200,000 ($250,000 for joint filers and $125,000 married individuals filing separately), some portion of the gain will also be subject to the new 3.8% surtax on net investment income that is imposed as part of the Affordable Care Act (the new health care reform law).

Finally, if you purchased your home in 2008, claimed the first-time homebuyer's credit, and have a gain from selling the home, you may be required to recapture the balance of the un-repaid credit.

Issues connected to selling a home can be complicated. If you have questions related to your specific circumstances, please give this office a call.

Don't Overlook the Portability of a Deceased Spouse's Unused Estate Tax Exemption

Article Highlights

- Estates may elect to transfer the unused estate tax exclusion to the surviving spouse.
- Election must be made on an estate tax return for the decedent.
- The estate tax return must be timely filed.

Estates of decedents who die after December 31, 2010 may elect to transfer any unused exclusion to the surviving spouse. The amount received by the surviving spouse is called the deceased spousal unused exclusion *(*DSUE) amount. Making this election can have a profound effect on the taxation of the estate of the surviving spouse.

> ***Example:*** *Bob and Jane are married and Bob passes away in 2012. Bob's estate is valued at $3,700,000. Since Bob's estate plan passed his entire estate to his wife Jane, the Federal estate tax would be zero due to the unlimited marital deduction afforded under the Internal Revenue Code. Since Bob's estate did not utilize any of his federal estate tax exemption ($5,120,000 for individuals who died in 2012), the exemption is "wasted." However, under the portability provisions of the federal estate tax, Bob's estate can elect to pass that unused exemption to Jane by filing a Federal Form 706 and making the "Portability Election" on Bob's estate tax return. If this "Portability Election" is made on Bob's estate tax return, Bob's unused estate tax exemption of $5,120,000 is transferred to Jane and increases her future estate tax exemption by this unused amount.*

The highest marginal estate tax rate is currently 40%; therefore, the unused exemption passed from a decedent to his or her spouse via the "Portability Election" amount can result in significant estate tax savings.

> ***Example:*** *Suppose Jane in our prior example passes away in 2013. Assuming that Jane's estate is valued at $6,000,000, if the "Portability Election" had not been made on Bob's estate tax return, Jane's <u>taxable</u> estate would be $750,000 ($6,000,000 less the $5,250,000 exemption for someone who dies in 2013). However, if the election had been made on Bob's return, Jane's taxable estate would be zero, as her total exclusion would be $10,370,000 (her $5,250,000 plus the portability from Bob's estate of $5,120,000). Making this election would thus result in a sizable reduction in estate taxes.*

A surviving spouse can apply the unused exclusion amount received from the estate of his or her last deceased spouse against any tax liability arising from subsequent lifetime gifts and transfers at death.

<u>Making the Election</u>—To make the portability election, an estate tax return must be filed on time, even if the estate would not otherwise be required to file an estate tax return. Failure to file the estate tax return will result in the loss of the portability of the spouse's unused exclusion amount. A timely filed return is one that is filed on or before the due date of the return, including extensions.

When a surviving spouse's estate is expected to be valued at less than the estate tax exclusion amount when he or she passes, it may seem to be a waste of time and money to file a 706 Estate Tax Return for the pre-deceased spouse. However, in making that decision, one should consider the possibilities of the surviving spouse receiving inheritances or winning the lottery, or of Congress reducing the estate tax exemption at some time in the future. Any of these potential events could result in substantial estate tax considering the current tax rate on <u>taxable estates</u> is 40%.

If you believe that the election to transfer any unused exclusion to a surviving spouse applies to you, family members, or friends and would like additional information, please give this office a call.

Make the Most of Your Deductions

Article Highlights

- Bunching allows you to maximize your itemized deductions in one year and take the standard deduction in the next.
- The medical expense threshold for deductibility has been increased to 10% of AGI for individuals under the age 65.
- You have the option of deducting the larger of: (1) State and local income tax paid, or (2) state and local sales tax paid during the year.
- Charitable contributions generally require substantiation (no more deduction for unsubstantiated cash in the kettle or the collection plate).
- Documented gambling losses are deductible to the extent of gambling winnings.
- Home (and second home) mortgage interest is deductible up to the acquisition debt and equity debt limits.
- Overall itemized deduction limitation applies in 2013 and later years for higher-income filers.

As you plan for your tax year, keep in mind that you benefit from itemizing your tax deductions if they exceed the standard deduction, and sometimes when you are subject to the alternative minimum tax (AMT), it is beneficial to itemize even if the result is less than the standard deduction. The following is a run-down on itemizing your deductions.

- **Bunching Deductions—**If your itemized deductions exceed the standard deduction, you will want to itemize tem. Itemized deductions consist of five basic categories, each with its own limitations and special considerations. If your deductions only marginally exceed the standard deduction, consider "bunching" your deductions in one year. You can bunch your deductions by pre-paying some of your expenses in one year, such as your church contribution. This allows you to produce higher than normal itemized deductions that year and then take the standard deduction the other year. Also consider pre-paying your state's January estimated tax payment in December, or paying your property tax in full rather than in installments carrying over to the next year.
- **Medical Expenses—**Deductible medical expenses are limited to unreimbursed expenses for you, your spouse if married, and dependents that exceed 10% (7½% if age 65 or older) of your adjusted gross income (AGI) for the year. If you are 65 or older, for AMT purposes, your medical deduction will be less because only the excess of unreimbursed expenses above 10% of your AGI is deductible.

  Expenses most frequently thought of as deductible medical expenses include medical and dental insurance premiums, charges by doctors and dentists, and the cost of prescription medication. Medical insurance premiums and other expenses paid with pre-tax dollars (e.g., through an employer's cafeteria plan) cannot be included. Some less common deductions include the following:

  - The cost of a weight-loss program (not including food) for the treatment of a specific disease or diseases (including obesity) diagnosed by a physician.
  - Medicare-B premium payments and Medicare-D premiums for drug coverage.
  - Participation in smoking-cessation programs and for prescribed drugs (but not non-prescription items such as gum or patches) designed to alleviate nicotine withdrawal.
  - Elder Care, generally including the entire cost of nursing homes, homes for the aged and assisted living facilities. Long-term care insurance premiums are deductible, but with an additional limitation on the allowed amount based on the insured's age. See the table below for the annual limit per insured individual.

2013 Long-Term Care Insurance					
Age	40 or less	41 to 50	51 to 60	61 to 70	71 & Older
Limit	$360	$680	$1,360	$3,640	$4,550

- Medical dependent: For medical purposes, an individual may be a dependent even if his gross income precludes a dependency exemption, thus enabling you to deduct the individual's medical expenses that you paid.
- A child of divorced parents is considered a dependent of both parents for medical expenses purposes (so that each parent may deduct the medical expenses he or she pays for the child.)

Generally, travel costs (not including meals) may be a deductible expense if the trip is primarily for medical purposes. Cosmetic surgeries are generally not deductible.

- **Taxes**—Deductible taxes primarily consist of real property taxes, state and local income taxes, and personal property taxes. Planning tip: Since taxes are not deductible for AMT purposes, you should attempt to minimize the payment of taxes in a year you are subject to the AMT if you can avoid late payment penalties for the tax payments. Where property taxes were paid on unimproved and unproductive real estate, you can annually elect to capitalize the taxes in lieu of deducting them (add the amount paid to your cost basis for the property).

  For 2013, you have the option of deducting on Schedule A as part of your itemized deductions the LARGER of: (1) State and local income tax paid, or (2) State and local sales tax you paid during the year.

- **Interest**—The only interest that is deductible as an itemized deduction is home mortgage interest and investment interest. Although this category does not have an AGI limitation, each interest type has special limitations. Home mortgage interest is limited to the interest paid on acquisition debt that does not exceed $1 million and home equity debt (not exceeding $100,000) on your main home and a designated second home. In addition, the interest on most equity debt is not deductible against the AMT. Note: Home acquisition debt is the original debt (current balance) incurred to purchase or substantially improve the home and is not increased by refinanced debt.

  Taxpayers can elect to treat any debt secured by the home as unsecured. The election is irrevocable without IRS consent. By making the election, the interest on the loan can be allocated to use of the proceeds, except none of the interest can be allocated back to the home itself. This election is for income tax purposes only and does not change how the loan is secured with the lender. If made, the election applies for both regular tax and AMT purposes, and it applies for the year the election is made and all future years. There is no specific IRS form to use to make the election. Instead, attach a statement to your return (timely filed) for the year the election is to be effective, stating the election is to apply.

  Investment interest is interest on debts incurred to acquire investments such as securities or land. The investment interest deduction is limited to net investment income (investment income less investment expenses), and any excess not deductible in the current year is carried over to future years. Interest on debt to acquire tax-free investment income is not deductible. You can elect to treat capital gains as investment income in order to increase the amount of deductible investment interest. However, the same capital gains are then not eligible for the lower capital gains tax rate. Qualified dividends taxed at the reduced capital gains tax rates are not treated as investment income for the investment interest deduction calculation.

- **Charitable Contributions**—You may, within certain limits, deduct charitable contributions of cash and property to qualified organizations to the extent you receive no personal benefit from the donations. All cash contributions regardless of the amount must be documented with a written verification from the charity or a bank record. Non-receipted cash contributions are not deductible. Non-cash contributions also require an acknowledgement of the contribution from the qualified charitable organization except for donations of $250 or less left at unmanned drop points. For non-cash contributions of more than $5,000 (except for publicly-traded securities), you are generally required to have a qualified appraisal of the property donated. Please call this office for further details. Charitable deductions are limited by a percent of income depending upon the type of contribution. Contributions in excess of the AGI limitation may be carried forward for five years. Although there are 20% and 30% of AGI limitations, generally, contributions to qualified organizations are deductible to the extent they don't exceed 50% of your AGI. One notable exception is the 30% limitation for gifts of capital gains property, where the contribution is based on the fair market value of the property.

  Frequently overlooked contributions include those made to governmental organizations such as schools, police and fire departments, parks and recreation, etc. Uniforms, travel expenses, and out-of-pocket expenses for a charity are also deductible, but not the value of your time or the cost of equipment such as computers, phones, etc., if you retain ownership.

  Congress imposed some tough rules that substantially limit the deduction for the popular charitable car donation. If the claimed value of the vehicle exceeds $500, the deduction will generally be limited to the gross proceeds from the charity's sale of the vehicle. The IRS provides Form 1098-C that incorporates all of the required acknowledgement elements for the donee (charitable organization) to complete. The donor is required to attach copy B of the 1098-C to his or her federal tax return when claiming a deduction for contribution of a motor vehicle, boat, or airplane.

  There is an exception to the rules for donated vehicles that the charity retains for its own use "to substantially further the organization's regularly conducted activities or provides to a needy family." Please call this office for more information.

  For 2013, if you are age 70½ and over you are allowed to make direct distributions (up to $100,000 per year) from your Traditional or Roth IRA account to a charity. The distribution is tax-free, but there is no charitable deduction. The distribution counts toward your required minimum distribution. This provision can be very beneficial if you have Social Security income and/or do not itemize your deductions.

- **Miscellaneous Deductions**—Miscellaneous deductions fall into two basic categories: those that are reduced by 2% of your AGI and those that are not.

- **Those Subject to the 2% Reduction**—This category generally includes your investment expenses, costs of having your tax return prepared, and employee business expenses.

- **Those NOT Subject to the 2% Reduction**—This category includes gambling losses (but cannot exceed the amount reported as gambling income), personal casualty losses (after first reducing each loss by $100 and the total loss for the year by 10% of your AGI), repayments of income (over $3,000) reported in prior years, and estate tax deductions. The estate tax deduction is considered by many to be the most overlooked deduction in taxes. It is a deduction based on the additional taxes paid as a result of the same income being taxed to both the estate and to the beneficiaries of the estate. Only certain types of income are doubly taxed. As an example, if the decedent had a Traditional IRA account, the value of the IRA would be included in the decedent's estate and also would be taxable to the beneficiary. If the estate paid any tax at all (on Form 706), the beneficiary in this example would have an estate tax deduction equal to the portion of the estate tax paid attributable to the IRA.

- **Overall Itemized Deduction Limitation**—If your 2013 adjusted gross income exceeds $300,000 for joint filers and a surviving spouse, $275,000 for heads of household, $250,000 for single filers, and $150,000 for married taxpayers filing separately, your total itemized deductions will be limited, adding another factor to consider for planning purposes. This overall limitation had been reduced or suspended for the last few years. If the limitation applies to you, the total amount of your itemized deductions is reduced by 3% of the amount by which your AGI exceeds the threshold amounts listed above, with the reduction not to exceed 80% of your otherwise allowable itemized deductions. The threshold amounts are inflation-adjusted for tax years after 2013.

If you have questions related to maximizing your itemized deductions, please give this office a call.

Understanding Tax Terminology

Article Highlights

- Filing status can be single, married filing jointly, married filing separately, head of household, or surviving spouse with dependent child.
- Adjusted gross income (AGI) is the sum of a taxpayer's income minus specific subtractions called adjustments. Modified AGI is the regular AGI with certain adjustments and exclusions added back.
- Taxable income is AGI less deductions and exemption.
- Marginal tax rate is the tax percentage at which the top dollar of your income is taxed. Also referred to as your tax bracket.
- Alternative minimum tax (AMT) is a tax that you pay if it is higher than tax computed the regular way. Certain deductions, credits and tax benefits are not allowed when computing the AMT.
- Credits reduce your tax dollar-for-dollar and some are refundable.
- Failing to prepay enough tax through withholding or estimated payments can result in an underpayment of estimated tax penalty.

No matter what the season or your unique circumstances, when it comes to your taxes, planning usually pays off in a lower tax bill. It can be difficult to understand tax strategies if you are not familiar with the terminologies used in taxation. The following provides you with the basic details associated with the most frequently encountered tax terms.

- **Filing Status**—Generally, if you are married at the end of the tax year, you have three possible filing status options: married filing jointly, married filing separately, or, if you qualify, head of household. If you were unmarried at the end of the year, you would file as single, unless you qualify for the more beneficial head-of-household status. A special status applies for some widows and widowers.

  Head of household is the most complicated filing status to qualify for and is frequently overlooked as well as incorrectly claimed. Generally, the taxpayer must be unmarried **AND:**

  - pay more than one half of the cost of maintaining his or her home, a household that was the principal place of abode for more than one half of the year of a qualifying child or an individual for whom the taxpayer may claim a dependency exemption, or
  - pay more than half the cost of maintaining a separate household that was the main home for a dependent parent for the entire year.

  A married taxpayer may be considered unmarried for the purpose of qualifying for head-of-household status if the spouses were separated for at least the last six months of the year, provided the taxpayer maintained a home for a dependent child for over half the year.

  Surviving spouse (also referred to as qualifying widow or widower) is a rarely used status for a taxpayer whose spouse died in one of the prior two years and who has a dependent child at home. Joint rates are used, but no exemption is claimed for the deceased spouse. In the year the spouse passed away, the surviving spouse may file jointly with the deceased spouse if not remarried by the end of the year. In rare circumstances, for the year of a spouse's death, the executor of the decedent's estate may determine that it is better to use the married separate status on the decedent's final return, which would then also require the surviving spouse to use the married separate status for that year.

- **Adjusted Gross Income (AGI)**—AGI is the acronym for adjusted gross income. AGI is generally the sum of a taxpayer's income less specific subtractions called adjustments (but before the standard or itemized deductions and exemptions). The most common adjustments are job-related moving expenses, penalties paid for early withdrawal from a savings account, and deductions for contributing to an IRA or self-employment retirement plan. Many tax benefits and allowances, such as credits, certain adjustments, and some deductions are limited by a taxpayer's AGI.

- **Modified AGI (MAGI)**—Modified AGI is AGI (described above) adjusted (generally up) by tax-exempt and tax-excludable income. MAGI is a significant term when income thresholds apply to limit various deductions, adjustments, and credits. The definition of MAGI will vary depending on the item that is being limited.

- **Taxable Income**—Taxable income is AGI less deductions (either standard or itemized) and exemptions. Your taxable income is what your regular tax is based upon using the tax rate schedule. The IRS publishes tax tables that are based on the tax rate schedules and that simplify tax calculation, but the tables can only be used to look up the tax on taxable income up to $99,999.

- **Marginal Tax Rate (Tax Bracket)**—Not all of your income is taxed at the same rate. The amount equal to the sum of your deductions and exemptions is not taxed at all. The next increment is taxed at 10%, then 15%, etc., until you reach the maximum tax rate. When you hear people discussing tax brackets, they are referring to the marginal tax rate. Knowing your marginal rate is important because any increase or decrease in your taxable income will affect your tax at the marginal rate. For example, suppose your marginal rate is 25% and you are able to reduce your income $1,000 by contributing to a deductible retirement plan. You would save $250 in federal tax ($1,000 x 25%). Your marginal tax bracket depends upon your filing status and taxable income. You can find your marginal tax rate using the table below.

  Keep in mind when using this table that the marginal rates are step functions and that the taxable incomes shown in the filing-status column are the top value for that marginal rate range.

2013 MARGINAL TAX RATES				
TAXABLE INCOME BY FILING STATUS				
Marginal Tax Rate	**Single**	**Head of Household**	**Joint***	**Married Filing Separately**
10.0%	8,925	12,750	17,850	8,925
15.0%	36,250	48,600	72,500	36,250
25.0%	87,850	125,450	146,400	73,200
28.0%	183,250	203,150	223,050	111,525
33.0%	398,350	398,350	398,350	199,175
35.0%	400,000	425,000	450,000	225,000
39.6%	Over 400,000	Over 425,000	Over 450,000	Over 225,000

** Also used by taxpayers filing as surviving spouse*

- **Taxpayer & Dependent Exemptions**—You are allowed to claim a personal exemption for yourself, your spouse (if filing jointly), and each individual who qualifies as your dependent. The amount you are allowed to deduct is adjusted for inflation annually; the amount for 2013 is $3,900.
- **Dependents**—To qualify as a dependent, an individual must be the taxpayer's qualified child or pass all five dependency qualifications: the (1) member of the household or relationship test, (2) gross income test, (3) joint return test, (4) citizenship or residency test, and (5) support test. The gross income test limits the amount a dependent can make if he or she is over 18 and does not qualify for an exception for certain full-time students. The support test generally requires that

you pay over half of the dependent's support, although there are special rules for divorced parents and situations where several individuals together provide over half of the support.

- **Qualified Child**—A qualified child is one who meets the following tests:

  (1) has the same principal place of abode as the taxpayer for more than half of the tax year except for temporary absences

  (2) is the taxpayer's son, daughter, stepson, stepdaughter, brother, sister, stepbrother, stepsister, or a descendant of any such individual

  (3) is younger than the taxpayer

  (4) did not provide over half of his or her own support for the tax year

  (5) is under age 19, or under age 24 in the case of a full-time student, or is permanently and totally disabled (at any age)

  (6) was unmarried (or if married, either did not file a joint return or filed jointly only as a claim for refund)

- **Deductions**—Taxpayers can choose to itemize deductions or use the standard deductions. The standard deductions, which are adjusted for inflation annually, are illustrated below for 2013.

Filing Status	**Standard Deduction**
Single	$6,100
Head of Household	$8,950
Married Filing Jointly	$12,200
Married Filing Separately	$6,100

The standard deduction is increased by multiples of $1,500 for unmarried taxpayers who are over age 64 and/or blind. For married taxpayers, the additional amount is $1,200. The extra standard deduction amount is not allowed for elderly or blind dependents. Those with large deductible expenses can itemize their deductions in lieu of claiming the standard deduction.

Itemized deductions include:

(1) Medical expenses, limited to those that exceed 10% of your AGI for the year (Note: The limitation is 7.5% of AGI for seniors age 65 and older through 2016.)

(2) Taxes consisting primarily of real property taxes, state income (or sales) tax, and personal property taxes

(3) Interest on qualified home debt and investments; the latter is limited to net investment income (i.e., the deductible interest cannot exceed your investment income after deducting investment expenses)

(4) Charitable contributions, generally limited to 50% of your AGI, but in certain circumstances the limit can be as little as 20% or 30% of AGI

(5) Miscellaneous employee business expenses and investment expenses, but only to the extent that they exceed 2% of your AGI

(6) Casualty losses in excess of 10% of your AGI plus $100 per occurrence

(7) Gambling losses to the extent of gambling income, and certain other rarely encountered deductions

- **Alternative Minimum Tax (AMT)**—The Alternative Minimum Tax is another way of being taxed that taxpayers frequently overlook. An increasing number of taxpayers are being hit with AMT. The Alternative Minimum Tax (AMT) is a tax that was originally intended to ensure that wealthier taxpayers with large write-offs and tax-sheltered investments pay at least a minimum tax. However, even taxpayers whose only "tax shelter" is having a large number of dependents or paying high state income or property taxes may be affected by the AMT. Your tax must be computed by the regular method and also by the alternative method. The tax that is higher must be paid. The following are some of the more frequently encountered factors and differences that contribute to making the AMT greater than the regular tax.
    - *<u>Personal and dependent exemptions</u>* are not allowed for the AMT. Therefore, separated or divorced parents should be careful not to claim the exemption if they are subject to the AMT and instead allow the other parent to claim the exemption. This strategy can also be applied to taxpayers who are claiming an exemption under a multiple support agreement.
    - *<u>The standard deduction</u>* is not allowed for the AMT, and a person subject to the AMT cannot itemize for AMT purposes unless he or she also itemizes for regular tax purposes. Therefore, it is important to make every effort to itemize if subject to the AMT.
    - Itemized deductions:
        - *Medical deductions* are allowed in excess of 10% of AGI from 2013 through 2016. The amount of deductible medical expenses for regular tax and AMT will be different for seniors, who are allowed to claim medical deductions in excess of 7.5% of AGI for regular tax during this period. For other taxpayers, the medical deductions allowed for regular tax and AMT will be the same.
        - *Taxes* are not allowed at all for the AMT.
        - *Interest* in the form of home equity debt interest and interest on debt for non-conventional homes such as motor homes and boats are not allowed as AMT deductions.
        - *Miscellaneous deductions* subject to the 2% of AGI reduction are not allowed against the AMT.
    - *<u>Nontaxable interest from private activity bonds</u>* is tax free for regular tax purposes, but some is taxable for the AMT.
    - *<u>Statutory stock options (incentive stock options)</u>* when exercised produce no income for regular tax purposes. However, the bargain element (difference between grant price and exercise price) is income for AMT purposes in the year the option is exercised.
    - *<u>Depletion allowance</u>* in excess of a taxpayer's basis in the property is not allowed for AMT purposes.

A certain amount of income is exempt from the AMT, but the AMT exemptions are phased out for higher-income taxpayers. The amounts shown are for 2013.

AMT EXEMPTIONS & PHASE OUT		
Filing Status	**Exemption Amount**	**Income Where Exemption Is Totally Phased Out**
Married Filing Jointly	$80,800	$477,100
Married Filing Separate	$40,400	$238,550
Unmarried	$51,900	$323,000

AMT TAX RATES—2013	
AMT Taxable Income	**Tax Rate**
0 – $179,500 (1)	26%
Over $179,500 (1)	28%

(1) $89,750 for married taxpayers filing separately

Your tax will be whichever is higher of the tax computed the regular way and the Alternative Minimum Tax. Anticipating when the AMT will affect you is difficult, because it is usually the result of a combination of circumstances. In addition to those items listed above, watch out for transactions involving limited partnerships, depreciation, and business tax credits only allowed against the regular tax. All of these can strongly impact your bottom-line tax and raise a question of possible AMT. Tax Tip: If you were subject to the AMT in the prior year, itemized your deductions on your federal return for the prior year, and had a state tax refund for that year, part or all of your state income tax refund from that year may not be eligible for inclusion in the regular tax computation. To the extent that you received no tax benefit from the state tax deduction because of the AMT, that portion of the refund is not eligible for inclusion in the subsequent year's income.

- **Tax Credits**—Once your tax is computed, tax credits can reduce the tax further. Credits reduce your tax dollar for dollar and are divided into two categories: those that are nonrefundable and can only offset the tax, and those that are refundable. In addition, some credits are not deductible against the AMT, and some credits, when not fully used in a specific tax year, can carry over to succeeding years. Although most credits are a result of some action taken by the taxpayer, there are two commonly encountered credits that are based simply on the number of your dependents or your income. These and a third popular credit are outlined below.
    - **Child Tax Credit**—The child tax credit is $1,000 per child. If the credit is not entirely used to offset tax, the excess portion of the credit, up to the amount that the taxpayer's earned income exceeds a threshold ($3,000 for 2011–2017)

is refundable. Taxpayers with three or more qualifying dependent children may use an alternate method for figuring the refundable portion of their credit. The credit is allowed against both the regular tax and the AMT for each dependent under age 17. The credit begins to phase out at incomes (MAGI) of $110,000 for married joint filers, $75,000 for single taxpayers, and $55,000 for married individuals filing separate returns. The credit is reduced by $50 for each $1,000 (or fraction of $1,000) of modified AGI over the threshold.

- **Earned Income Credit**—This is a refundable credit for a low-income taxpayer with income from working either as an employee or a self-employed individual. The credit is based on earned income, the taxpayer's AGI, and the number of qualifying children. A taxpayer who has investment income such as interest and dividends in excess of $3,300 (for 2013) is ineligible for this credit. The credit was established as an incentive for individuals to obtain employment. It increases with the amount of earned income until the maximum credit is achieved and then begins to phase out at higher incomes. The table below illustrates the phase-out ranges for the various combinations of filing status and earned income and the maximum credit available.

2013 EIC PHASE-OUT RANGE			
Number of Children	**Joint Return**	**Others**	**Maximum Credit**
None	$13,310 – $19,680	$7,970 – $14,340	$487
1	$22,870 – $43,210	$17,530 – $37,870	$3,250
2	$22,870 – $48,378	$17,530 – $43,038	$5,372
3	$22,870 – $51,567	$17,530 – $46,227	$6,044

- **Residential Energy-Efficient Property Credit—**This credit is generally for energy-producing systems that harness solar, wind, or geothermal energy, including solar-electric, solar water-heating, fuel-cell, small wind-energy, and geothermal heat-pump systems. These items qualify for a 30% credit with no annual credit limit. Unused residential energy-efficient property credit is generally carried over through 2016.

- **Withholding and Estimated Taxes**—Our "pay-as-you-go" tax system requires that you make payments of your tax liability evenly throughout the year. If you don't, it's possible that you could owe an underpayment penalty. Some taxpayers meet the "pay-as-you-go" requirements by making quarterly estimated payments. However, when your income is primarily from wages, you usually meet the requirements through wage withholding and rely on your employer's payroll department to take out the right amount of tax, based on the withholding allowances shown on the Form W-4 that you filed with your employer. To avoid potential underpayment penalties, you are required to deposit by payroll withholding or estimated tax payments an amount equal to the lesser of:

1) 90% of the current year's tax liability; or
2) 100% of the prior year's tax liability or, if your AGI exceeds $150,000 ($75,000 for taxpayers filing as married separate), 110% of the prior year's tax liability.

If you had a significant change in income during the year, we can assist you in projecting your tax liability to maximize the tax benefit and delay paying as much tax as possible before the filing due date.

Please call if this office can be of assistance with your tax planning needs.

What's Best…Tax-free or Taxable Interest Income?

Article Highlights

- Interest earned from states' and local governments' general purpose obligations that are generally tax-exempt for federal purposes.
- Earning tax-exempt interest may not put the most after-tax dollars into your pocket.
- Tax-exempt interest is not subject to the new 3.8% surtax on net investment income.
- Tax-exempt interest is still treated as income for the purposes of taxing Social Security benefits or the Earned Income Tax Credit.
- Some certain kinds of exempt interest are taxable for alternative minimum tax (AMT) purposes.

A frequent tax strategy question is whether investing for tax-free or taxable interest is better. Generally, taxable interest will provide the greater return, but this may not hold true after taking into account taxes on the income.

This is especially true for higher-income individuals now that we have the healthcare legislation's new 3.8% surtax on the net investment income of higher- income taxpayers, which is discussed below.

Therefore, the question is really: Which provides the greater "after-tax" return? Generally, interest derived from "municipal bonds" is tax-free for federal purposes and also is tax-free for a particular state if that state or its local governments issue the bonds. In addition, no state can tax interest from United States (U.S.) Government bonds. The following are issues related to making a decision about taxable or tax-free income:

• **Municipal Bond Interest** – Interest earned from states' and local governments' general purpose obligations, which are issued to finance their operations, are generally tax-exempt for federal purposes. However, the various states usually only exempt interest from bonds issued from the state itself and from local governments within the state. Hence, two categories of municipal bonds exist, namely the tax-free federal and state ones and the tax-free federal-only ones. Individuals can invest in municipal bonds by directly purchasing bonds or through funds that invest in municipal bonds. Some funds invest in bonds issued in a particular state only, providing residents of that state with income that is excludible on their state returns.

In general, tax-free bonds are likely to be more attractive to taxpayers in higher brackets, as they receive a greater benefit from excluding interest from income. For lower-bracket taxpayers, on the other hand, the tax benefit of excluding interest from income may not be enough to make up for the lower interest rate generally paid on this type of bond.

Even though municipal bond interest isn't taxable, it must be shown on the return. This is because tax-exempt interest is taken into account when determining the amount of Social Security benefits that is taxable, and it may affect the alternative minimum tax computation as well as the earned income credit, investment interest deduction and sales tax deduction.

• **Tax-Deferred Retirement Accounts** – It generally doesn't make sense to buy and to hold municipal bonds in your regular individual retirement account (IRA), Keogh or 401(k) plan account. The income in these accounts is not taxed currently, but once you start making withdrawals, the entire amount withdrawn is likely to be taxed even though it includes income from tax-free sources. Thus, if you want to invest your retirement funds in fixed-income obligations, it generally is advisable to invest in higher-yielding taxable securities.

• **Alternative Minimum Tax (AMT) Consequences** – Even though interest on municipal bonds is generally excluded from income for purposes of the regular federal income tax, interest on certain “private activity bonds” is included in income for purposes of the alternative minimum tax. Your broker can tell you whether the particular bond you are considering is a private activity bond subject to this rule.

The alternative minimum tax is a separate tax system that applies if the tax determined under that system exceeds your regular income tax. Whether or not the alternative minimum tax applies will depend on your overall tax picture; however, in general, the alternative minimum tax’s effect would be to prevent you from achieving too low of an effective tax rate by means of tax-favored techniques, such as investing in municipal bonds. This office can help you to determine how the alternative minimum tax would apply to your situation and how it would affect the after-tax yield if you were to invest in municipal bonds.

• **Effect of Exempt Interest on Taxation of Social Security Benefits** – In general, a portion of Social Security benefits is taxable if your adjusted gross income, subject to certain modifications, exceeds specified amounts. For this purpose, the modifications to adjusted gross income include adding in tax-exempt interest. The effect of this rule is that if you receive Social Security benefits, investing in municipal bonds could increase the amount of tax you have to pay with respect to the Social Security benefit. While the municipal bond interest technically remains exempt from tax, the effect is the same as if a portion of that interest were taxable. One technique to solve this problem is to invest in tax-deferred, rather than tax-free, investments. For instance, income earned via an annuity is not taxable until the annuity is cashed in and thus would not impact the Social Security taxation except in the year cashed in. This office can assist you in determining the impact of tax-free income on the taxability of your Social Security benefits.

• **Effect of Exempt Interest on Earned Income Credit** – If you are otherwise eligible to take an earned income credit, you will lose the credit completely for 2013 if you have more than $3,300 of “disqualified income,” generally, interest, dividend, non-business rental, passive, and capital gain net income.

Disqualified income includes tax-exempt income. Thus, municipal bond income could cause the loss of the credit. However, in most cases, an individual who is eligible for the earned income credit will be in a low tax bracket, thus making municipal bonds an unattractive investment in view of their lower yields. Disqualifying income can be avoided by using tax-deferred investments, as discussed under Effect of Exempt Interest on Taxation of Social Security Benefits above.

• **Effect of the Net Investment Income Tax** – Beginning in 2013, high-income taxpayers will be subject to a 3.8% surtax on net investment income. Tax-exempt interest is not subject to that tax, which is a significant issue for higher income taxpayers. For individuals, the tax is 3.8% of the lesser of:

1. The taxpayer's **net** investment income or
2. The excess of modified adjusted gross income over the threshold amount ($250,000 for a joint return or surviving spouse, $125,000 for a married individual filing a separate return, and $200,000 for all others).

• **No Deduction for Interest on Obligations Incurred in Connection with Tax-exempt Investments** – If you borrow money for the purpose of investing in municipal bonds, you can't deduct the interest expense with respect to that borrowing. Moreover, even if the proceeds of borrowing are not directly traceable to tax-exempt investments, interest deductions could be disallowed if the Internal Revenue Service (IRS) could establish that you continued the borrowing in effect (that is, you didn't pay it off) for the purpose of acquiring or carrying the municipal bonds. If you have otherwise deductible interest and invest in municipal bonds, the result of this rule, by denying a deduction for interest paid, could be effectively to tax the municipal bond interest.

• **No Deduction for Investment Expenses Related to Tax-exempt Investments** – If you itemize your deductions, you may deduct the costs of investment advisory, custodial or agency fees if your total miscellaneous deductions exceed 2% of your income. However, if the investment management services for which you paid are connected to the account from which you receive tax-exempt income from municipal bonds or bond funds, the related expenses are not deductible.

• **Sale, Call or Redemption of Bond** – Normally, the sale, call before maturity or redemption of a municipal bond is treated in the same way that a taxable bond is. If you held the bond long enough, any gain is taxed at favorable rates. Capital losses can be used to offset other capital gains. Up to $3,000 of any remaining losses can generally be applied against other income, with a carryover of any excess to later years.

• **U.S. Government Bond Interest** – By federal law, the states cannot tax the interest income of direct obligations of the U.S. Government (but it is federally taxed). This includes interest from U.S. Savings Bonds, U.S. Treasury bills, notes, bonds or other U.S. obligations. Interest earned from the Federal National Mortgage Association (Fannie Mae), Government National Mortgage Association (Ginnie Mae) and the Federal Home Loan Mortgage (FHLMC) Corporations are not direct obligations of the U.S. Government and therefore are not excludable from state taxation unless specifically allowed by state law (generally not the case). If you reside in a state with no state income tax, U.S. Government Bond Interest provides no tax benefit.

• **Itemized Deductions** – If you do have a state tax and the investment is tax-free in your state, then whether or not you itemize your deductions on your federal return also makes a difference. When you do itemize deductions, the state income tax you pay is included as a deduction on your federal return. Because having state tax-free income reduces your state tax, the reduced state tax lowers your itemized deductions and increases your federal tax. (If, instead of deducting state income tax, you deduct state sales tax because the sales tax amount is more, then whether or not you itemize deductions should not affect your decision to purchase a taxable or non-taxable investment).

• **Municipal Bond Funds** – If you are looking for diversity and professional management for your municipal bond holdings, you may want to consider buying shares of a fund that invests in tax-exempt municipal bonds. These funds may be broadly based or targeted to a particular state's bonds. Dividend municipal bond funds are essentially treated in the same way as municipal bond interest is. To preclude a potential tax loophole, if an investor buys fund shares, receives an exempt-interest dividend and sells the shares at a loss within six months after the purchase, the loss is disallowed to the extent of the exempt-interest dividend.

Use the worksheet below to determine the tax-exempt interest equivalents for your particular tax bracket, state tax (if applicable) and type of tax-exempt in investment. Enter all rates in decimal format, and carry all calculated values to at least four places after the decimal. For example, 5.75% would be entered as .0575.

CAUTION, because the 3.8% surtax on net investment is only based on investment income or AGI in excess of certain levels, it is not accounted for separately in the worksheet below. Taxpayers below the high-income thresholds would not add the 3.8% to their marginal tax brackets when entering their federal tax brackets on line two of the form, while those who have incomes that are substantially greater than the thresholds would.

Tax-Exempt Interest Equivalents

Taxpayer Information:

1. Enter the *taxable interest rate* you wish to compare.................................. __________
2. Enter your Federal tax bracket... __________
3. Enter your State tax bracket (Enter zero if your state has no state income tax)... __________
4. If you itemize your Federal deductions multiply line 2 times line 3 and enter the result here (if you don't itemize Federal deductions, enter zero) .... __________

Tax-Free Equivalent - State AND Federal Tax-Free:

5. Line 2 plus line 3 minus line 4... __________
6. Multiply line 5 times line 1.. __________
7. Tax-Free Equivalent (line 1 less line 6)... __________

Tax-Free Equivalent - Federal ONLY Tax-Free:

8. Multiply line 2 times line 1.. __________
9. Tax-Free Equivalent (line 1 less line 8) .... __________

Tax-Free Equivalent - State ONLY Tax-Free:

10. Line 3 minus line 4.. __________
11. Multiply line 10 times line 1... __________
12. Tax-Free Equivalent (line 1 less line 11)... __________

Please call this office if you would like assistance with deciding whether to make a taxable or tax-free investment. Making the right decision for your particular circumstances can have a significant effect over long periods of time.

Don't Get Scammed, They Are Very Clever

Article Highlights

- Scammers disguise e-mails to look legitimate.
- Legitimate businesses and the IRS never request sensitive personal and financial information by e-mail.
- Don't become a victim.
- Stop – Think - Delete

While you are thinking about the start of the football season, your children's soccer games, and the no-too-distant holiday season, the scammers are out there figuring ways to dupe you out of your money. They become very active towards the end of the year and during tax season.

What they try to do is trick you into divulging your personal such bank account numbers, passwords, credit card numbers, Social Security numbers, etc.

One of the most popular methods these unscrupulous people use is requesting your personal information by e-mail. And they are pretty good at making their e-mails look as if they came from a legitimate source such as the IRS, your credit card company, your bank, etc.

You need to be very careful when responding to e-mails asking you to update such things as your account information, pin number, password, etc. First and foremost, you should be aware that no legitimate company would make such a request by e-mail. If they do, they should be deleted and ignored just like spam e-mails.

We have seen bogus e-mails that looked like they were from the IRS, well-known banks, credit card companies, and other pseudo-legitimate enterprises. The intent is to trick you and have you click through to a website that also appears legitimate where they have you enter your secure information. Here are some examples:

- E-mails that appeared to be from the IRS indicating you have a refund coming and they need information to process the refund. The IRS never initiates communication via e-mail! Right away, you know it is bogus. If you are concerned, please free to call this office.
- E-mails from a bank indicating they are holding a wire transfer and they need your bank routing information and account number. Don't respond; if in doubt, call your bank.
- E-mails saying you have a foreign inheritance and they need your bank info so they can wire the funds. The funds that will get wired are yours going the other way. Remember, if it is too good to be true, it generally is not true.

We could go on and on with examples. The key here is for you to be highly suspect of any e-mail requesting personal or financial information.

A good rule of thumb is to: STOP – THINK – DELETE

If your identity is stolen, your life can become a nightmare. Identity thieves will even file tax returns under your Social Security number claiming huge refunds and leaving you with a horrendous mess to clean up with the IRS. Don't be a victim. Please call this office if you believe your tax ID has been compromised.

Planning Pension Distributions

Article Highlights

- Except for distributions from Roth IRAs, pension distributions are generally taxable.
- Pension distributions can increase the tax on your Social Security benefits.
- Pension distributions can increase your marginal tax rate.
- IRA-to-charity transfers are allowable in 2013.

An individual may begin withdrawing, without penalty, from his or her qualified pension plans and Traditional IRAs at the age of 59½. There are several exceptions that will allow earlier withdrawal without penalty. Upon reaching age 70½, you are required to take distributions from your plans or face a substantial penalty for failing to do so. An exception applies for Roth IRAs: no distributions are required while the account owner is alive (Roth distributions are generally tax-free anyway).

- **Impact of Your Marginal Rate:** If you are able to plan your withdrawals, you can save considerable tax dollars. This is not always possible, but the basic premise is to take distributions and pay the resulting tax in years when your marginal rate is low. Also watch for years when, for a variety of reasons, your taxable income is negative and some amount of distributions can be taken tax-free at ages 59½ and over. The early withdrawal penalty applies only to those under 59½.
- **Impact on Social Security:** For retired individuals receiving Social Security benefits, planning IRA distributions can also be beneficial. Social Security itself is taxable only when the total of one-half of the taxpayer's Social Security benefits plus the taxpayer's other income exceeds $25,000 ($32,000 for a married couple filing jointly). Once this threshold is reached, every additional dollar of other income will cause 50% to 85% of the Social Security benefits to become taxable as well. Therefore, if a taxpayer's other income is below the threshold, it is generally good practice to withdraw just enough taxable IRA funds to bring the income up to the threshold amount, even if the funds are not needed in that year. They can be set aside for a future year when they might be used for some unplanned need or large purchase. This strategy may not work, however, if IRA distributions are required to be made (see next section).
- **Minimum Distribution Requirements:** The IRS does not allow taxpayers to keep funds in qualified plans and IRAs indefinitely. Eventually, assets must be distributed and taxes paid. If there are no distributions, or if the distributions are not large enough, the owner may have to pay a 50% penalty of the amount not distributed as required. Generally, distributions must begin in the year in which the plan owner reaches the age of 70½. In most cases, the required minimum distribution can be figured with the "life" factor from the following table, which is

divided into the value of the account as of the end of the preceding tax year. So, for example, an individual who reaches age 73 in 2013 and whose IRA had a value of $50,000 on December 31, 2012, would be required to withdraw $2,024.29 in 2013 ($50,000/24.7).

UNIFORM LIFETIME TABLE									
Age	Life	Age	Life	Age	Life	Age	Life	Age	Life
70	27.4	80	18.7	90	11.4	100	6.3	110	3.1
71	26.5	81	17.9	91	10.8	101	5.9	111	2.9
72	25.6	82	17.1	92	10.2	102	5.5	112	2.6
73	24.7	83	16.3	93	9.6	103	5.2	113	2.4
74	23.8	84	15.5	94	9.1	104	4.9	114	2.1
75	22.9	85	14.8	95	8.6	105	4.5	115	1.9
76	22.0	86	14.1	96	8.1	106	4.2		
77	21.2	87	13.4	97	7.6	107	3.9		
78	20.3	88	12.7	98	7.1	108	3.7		
79	19.5	89	12.0	99	6.7	109	3.4		

IRA-to-Charity Contributions: If you are at least 70.5 years old and are thinking of making a donation to a charity, you may wish to consider making the contribution from your IRA account.

For 2013 (this is the last year without an extension by Congress), you can donate up to $100,000 to your favorite charity—provided it is an eligible charitable organization—tax-free from your Traditional IRA, Roth IRA, SEP, or SIMPLE IRA. To be considered valid, the distribution from the IRA to the charity must be made directly. It cannot pass through your hands or through other accounts. Note: These distributions are not permitted from ongoing SEP or SIMPLE plans—that is, plans to which a contribution has been made for the year.

Here are the pertinent facts about making a donation using this provision of the law:

- The distribution is not taxable and does not add to your income for the year. The advantage is that it keeps your income low and helps minimize your taxable Social Security income and tax disadvantages associated with higher income.
- There is no charitable donation, since the distribution was tax-free. This can be a considerable benefit, however, to taxpayers who take the standard deduction and do not itemize anyway.

- If you have not already taken your required minimum distribution (RMD) for the year, the charitable distribution can count toward this year's RMD.

If you need assistance planning your pension distributions, please give this office a call.

QuickBooks 2014 Simplifies, Accelerates Common Tasks

New version of desktop QuickBooks accomplishes goal of speeding up, refining your workflow.

If Intuit named its desktop versions of QuickBooks by the version number rather than the year, we'd be in version 20-something by now. QuickBooks, still the preferred software for small businesses, keeps getting smarter in its annual upgrades. Rather than pile on tons of new features in its upgrades, Intuit – for many years – has concentrated on making it easier for you to access the tools and data that are already there.

QuickBooks 2014 is no exception. Its combination of small-but-effective changes makes it easier to get in and do what needs to be done quickly, and then get out and move on to activities that will help build your business.

A Superior View
If you do upgrade to QuickBooks 2014, head first to the new **Income Tracker (Customers | Income Tracker)**. QuickBooks offers numerous reports and other tools for following the progress of your incoming revenue, but this new feature provides the best we've seen in the software.

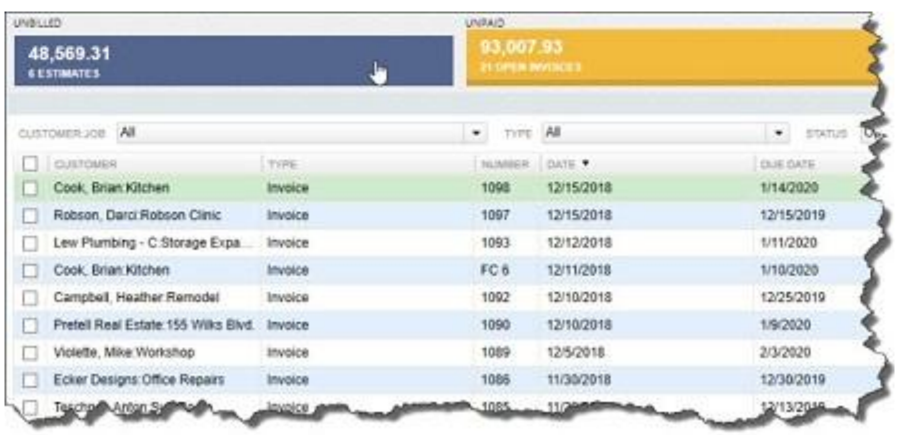

*Figure 1: QuickBooks 2014's new **Income Tracker** gives you real-time access to the status of your receivables.*

You may find yourself spending a lot of time on this screen because it gives you a birds-eye view of your receivables that isn't available anywhere else in the program. You can click on any of the four colored bars that run across the top of the screen – **Estimates, Open Invoices, Overdue** and **Paid Last 30 Days** -- to change the data that appears below. Within each bar is the number of related transactions and their total dollar amount.

You'll use the drop-down lists directly below these navigational bars to set filters that define a subset of transactions. These are **CUSTOMER:JOB, TYPE, STATUS** and **DATE**.

The last column in the table is labeled **ACTION**. Once you've earmarked a transaction or transactions that you want to work with by checking the box in front of each name, you can select an action you want to take. If **OPEN INVOICES** is active, for example, you can receive payment for the transaction(s), print or email them. Where applicable, you can open a drop-down menu in the lower left of the screen and batch-produce invoices, sales receipts and credit memos/refunds.

More Descriptive Email
If you regularly send invoices through email, you may have wondered how many of them actually get opened by your customers in a timely fashion. QuickBooks 2014 contains a new tool that makes the details of each invoice available within the body of the email itself.

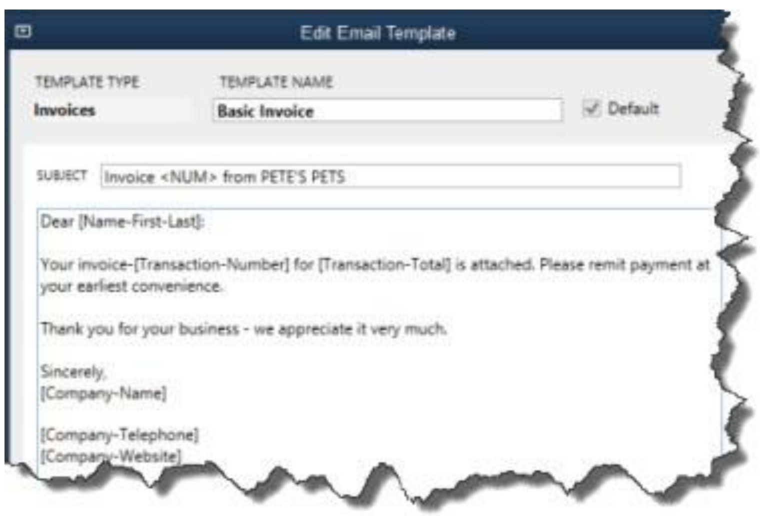

Figure 2: You can modify this template or leave it as is: QuickBooks 2014 will fill in the relevant details for each customer.

To access this template, open the **Edit** menu and select **Preferences**. Click on the **Send Forms** tab, then **Company Preferences**. Open the drop-down list to select the type of form you want to view or modify (pay stub, sales receipt, credit memo, etc.). Click the Edit button to see the actual template, and open the **Insert Field** drop-down menu to see your options. When you email a form, QuickBooks will replace the text and numbers in brackets with the correct details for each recipient.

This is what's called a *mail merge*. They're fairly simple to use, but one error will throw your message off. We can help you get set up with these.

Smaller Changes
Intuit has made many small-but-useful features to QuickBooks 2014, all designed to help you work faster and smarter, and simply to support more convenient operations. For example, the Ribbon toolbars on transactions now include a tab or menu that lets you open related reports.

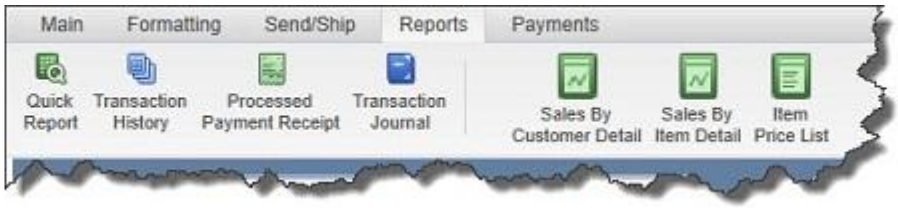

Figure 3: You can now access reports directly from the Ribbon toolbar on transaction screens.

In addition:

- QuickBooks' color scheme has been changed.
- The program runs faster.
- You can now copy and paste lines within forms.
- We can communicate with you (and vice versa) via an email window that's been embedded into the software. This tool even auto-pastes the transaction in question into the email window.
- There's been some retooling of online banking (now called "Bank Feeds"), making it more accessible and understandable.

Upgrading to a new version of QuickBooks can be challenging, so we encourage you to let us know if you'd like to explore the process. New functionality and usability that improves your workflow and your understanding of your finances can be worth the time and trouble.