

Customized Senior Services
to Maintain Lifestyle
& Financial
Independence

Marcia L.
Campbell, CPA
A PROFESSIONAL CORPORATION

Specializing in Elder Care,
Trusts & Estates,
Taxes & Small
Business

Certified Senior Advisor (CSA)[®] ♦ Elder Care Professional ♦ Accredited Estate Planner (AEP)



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Happy
Holidays

Changes to the 2016 1040 Tax Form

Educator Expenses: Beginning in 2016, the \$250 maximum per educator deduction can include certain expenses for professional development courses related to the curriculum, or to the students, that the educator teaches.

Exemptions: The new 2016 exemption per individual is \$4,050.

Health Care—Individual Responsibility: The monthly shared responsibility payment amount has increased for 2016. As in 2015, a tax payer must either:

Indicate that he/she, spouse (if filing jointly) and dependents had health care coverage for all of 2016;

Claim an exemption from the health care coverage requirement for some or all of 2016 and attach Form 8965; or

Make a “shared responsibility payment” if, for any month in 2016, the tax payer, spouse (if filing jointly) or dependents did not have coverage and do not qualify for a coverage exemption.

Contact Marcia for more changes to the 2016 1040 Tax Form †

**Bizarre Things You Can
Be Taxed On**

Have you considered other events in the past year that you may owe taxes on?

♦ **You Caught a Baseball**

You are the lucky fan who catches a historic home run ball from the outfield bleachers. The not-so-lucky part? The IRS could hold you responsible for the resale value of the ball.

♦ **You Hit the Jackpot**

Yes, you have to pay taxes on your lottery prize. Yes, if you have been buying lottery tickets all year, you can also deduct the expenses. But you have to keep a diary of wins and losses.

♦ **You Are Gifted**

Usually, the presents you unwrap over the holidays are tax-free, but there are some exceptions. Cash or a gift card from your boss is taxable as a fringe benefit. Also, a hostess gift received as a thank-you for a sales party in your home is taxed as miscellaneous income.

Continued on next page

What Our Clients Say About Us

“Marcia and her staff are warm and very professional!”-DM

Standard Mileage Rates For 2017

The Internal Revenue Service has issued the 2017 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes.

Beginning January 1, 2017, the standard mileage rates for the use of a car, van, pickup or panel truck will be:

- 53.5 cents per mile for business miles driven.
- 17 cents per mile driven for medical or moving purposes.
- 14 cents per mile driven in service of charitable organizations.

Contact Marcia if you have any questions. †

2017 Wage-Tax Limits

Social Security (SS) wage base: \$127,200

SS percentage: 6.2% (subject to change)

Maximum SS withholding: \$7,886.40

Medicare wage base: NO LIMIT

Medicare percentage: 1.45%

SUI/FUTA wage base: \$7,000

SUI rate: Ranges from 1.5% to 6.2%

SDI wage base: \$110,902

SDI percentage: 0.9%

Maximum SDI withholding: \$998.12

CA minimum wage: \$10.00

If you have any questions regarding any of these limits, please call our office. †

Bizarre Things You Can Be Taxed On ...continued from page 1

◆ **Your Debt Was Forgiven**

The IRS is very specific about this: If a debt is cancelled as a gift to you—for example, if Grandpa says, “Merry Christmas, you no longer owe me for that time I bailed you out!” - you don’t have to pay taxes. If a debt was cancelled that you were personally liable for, you do.

◆ **You Sold Stuff on eBay**

If you occasionally sell your kids’ outgrown clothes on eBay, you won’t owe taxes because you most likely took a loss on those items. But if you create a resale business on eBay, you must report your profits.

◆ **You’re a Child Entrepreneur**

Starting a small business, whether it’s dog walking or selling handmade items, can be a great activity for a tween or teen. But don’t expect them to be IRS-exempt just because they are kids. If the business earns more than \$400, file a tax return.

◆ **You Received Punitive Damages**

Court settlements vary in their tax treatment. If you get a settlement in court to compensate you for a physical injury or emotional distress stemming from an injury, the money isn’t taxable. But if you get paid for emotional distress not tied to an injury, or you receive punitive damages, you have to pay.

◆ **You Exercised Stock Options**

This is one that has gotten a lot of tech workers into financial hot water. If your company gives you stock options, that’s not a taxable event. But when you exercise the option by purchasing stock in your employer at a discount, that is a taxable event even if you don’t sell the stock right away. This can go bad if the stock declines in value after you exercise the option, because now you may owe the IRS more money than you can raise by selling the stock.

Please contact our office for more information. †