

■ FISCAL CLIFF UPDATE



We (like many of you!) have been watching the news closely for information about actions taken by Congress to address the tax cuts set to expire on December 31, 2012. It is possible that we may experience information delays from the Internal Revenue Service during the coming tax season as they work to make system updates necessitated by either the expiration of the tax cuts or the results of a compromise.

Should Congress reach a compromise and take action, we will provide you with a special newsletter summarizing the changes.

■ BUSINESS OWNERS AND THE FLORIDA USE TAX

Are you aware that Florida has a “use tax”? Use tax applies to items purchased outside Florida, including in another country, which are brought or delivered into this state and which would have been taxed if purchased in Florida. This includes items purchased from internet merchants.

We find that small business owners are often unaware of the use tax or are unsure how to make payment. It is easy to satisfy this obligation by remitting any use tax due on untaxed business purchases with your quarterly Sales and Use Tax filing.



Industry trends indicate that state governments will continue to look to boost tax revenues, and that attention will increasingly be paid to business sales and use tax filings. Please contact us if you require assistance with the sales and use tax or other business matters related to your small business. To learn more about the services we provide to small businesses, please visit <http://www.bayliscpas.com/services/smallbusiness.php>.

As always, we encourage you to contact your tax professional for information specific to your situation.

■ 2013 MILEAGE RATES



The IRS recently issued the following mileage rates effective January 1, 2013:

- 56.5 cents per mile for business miles driven
- 24 cents per mile driven for medical or moving purposes
- 14 cents per mile driven in service of charitable organizations

Taxpayers also have the option of calculating the actual costs of using their vehicles rather than using the standard mileage rates for business miles driven. Keep in mind that in order to deduct the cost of business mileage you must keep a contemporaneous log that tracks dates, business purposes, and miles driven.

■ UPCOMING HEALTH CARE REFORM CHANGES

The Affordable Care Act was passed by Congress and subsequently signed into law on March 23, 2010. The law was upheld by the Supreme Court on June 28th of this year. Now that the elections are over, implementation of the law will continue without further impediments.

The following changes take effect by January 31, 2013:

- Beginning with 2012 tax year reporting due January 31, 2013, employers who issued 250 or more W-2 forms for 2011 must now report the aggregate cost of employer-sponsored group health coverage on employees' W-2 forms.
- The annual health care Flexible Spending Account (FSA) limit for plan years beginning on or after January 1, 2013 will be \$2,500.
- Effective January 1, 2013, an additional .9% Medicare tax will apply for high income earners (wages in excess of \$250,000 for a married person filing a joint return, or \$200,000 for an unmarried person). A new 3.8% Medicare tax will also be imposed on unearned income of high income earners. Unearned income includes interest, dividends, capital gains, rents, royalties, etc.

Please contact us if you have questions about how these changes may impact you.

■ HOLIDAY HOURS

Happy holidays! We will close at noon on Friday, December 21st for our Firm Christmas party. Additionally, our office will be closed on:

Monday and Tuesday, December 24th and 25th
Monday and Tuesday, December 31st and January 1st

■ CLOSING THOUGHTS



2012 was a special year for our Firm. We've had the privilege of serving you, our clients and friends. We've also had the privilege of serving our community.

Steve's House turned out to be quite an adventure. We got to know a wonderful new family, the Cooks, and were able to share our experiences with many of you. We cannot thank you enough for your generosity and support.

We hope that you will take a few minutes during this busy time of year to perform an act of kindness. This year our community service team led our efforts to raise funds for grocery gift cards and gather lap blankets for our neighbors in assisted living.

Too often we limit ourselves by thinking that what we have to offer is not enough. Whether you provide a warm blanket for a senior, food for those in need, toys for kids, or something else altogether, every act of service matters. Go for it!

If you can't feed a hundred people, then feed just one.
~ Mother Teresa

Please visit our website at www.bayliscpas.com

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