



Memorandum

To: Clients, Friends, Family & Associates of Pro@ctive CPA
From: Mark Wyssbrod, Managing Member
Date: January 7, 2013
Re: American Tax Relief Act & Health Care Act Update For Businesses

In this memorandum you will receive information about:

- Information on increased employee portion of payroll taxes for your employees
- Information from the American Tax Relief Act for businesses
- Information from the Health Care Act for businesses

Please contact me should you have any questions.

Introduction

Last week I received many e-mails from clients regarding mis-truths and half-truths of Congress's recent act of passing the American Tax Relief Act and the President's signing the bill into law. The e-mails were, in some cases, 20 pages in length and were most likely sent from a source who did not read them before releasing them. One client stated, we (as a society) do not care about the accuracy of information any more, we care about the quickness to which we receive (the inaccurate) information.

We have taken our time to review the act and have summarized the major items which we believe will affect our clients. Additionally we have included information from the Health Care Act which will take effect in 2013.

Please contact your Pro@ctive CPA team should you have any questions at (770) 664-8583.

New Tax Regulations Effecting Individual Taxpayers

- Payroll Taxes For 2013
 - Your employees might ask you if something is wrong with their paycheck as it will be at least 2% smaller!
 - The employee portion of Social Security will increase to 6.2% beginning January 1, 2013 (it's 2009 amount) after being reduced the past 2 years to 4.2%
- Health Care Act For 2013 (Small Business Owners Beware!)
 - Net Investment Tax
 - Taxpayers will pay a 3.8% Medicare tax on investments for incomes of \$250,000 married filing jointly (MFJ) and \$200,000 for Single (S)
 - Medicare Surtax



- Taxpayers will pay a 0.9% Medicare tax on earned incomes of \$250,000 married filing jointly (MFJ) and \$200,000 for Single (S)
- Employees will have this deducted from their paycheck
 - This is a change in payroll tax philosophy from a regressive tax to more of a progressive tax
- American Tax Relief Act For Businesses
 - Depreciation
 - Section 179 Depreciation (the ability to deduction a fixed asset immediately) has been increased for 2012 and 2013 to \$500,000
 - Bonus depreciation for 2013
 - 50% “bonus” depreciation which allows a business to deduct 50% of a fixed asset in the first year has been extended for 1 additional year
 - Tax Credits
 - Research & Development (R&D) tax credit was extended for 2012 and 2013 with some modifications
 - Workers Opportunity tax credit has been extended for military veterans
 - C-corporations
 - Tax rates for C-corporations have not changed
 - 100% Exclusion For Small Business Stock
 - Section 1202 has been extended through the end of 2013 with an exemption rate of 100%
 - S-corporations
 - Built-in Gains (BIG) tax for 2012 and 2013 is a 5 year period instead of a 10 year period
 - For S-corporation who were formerly C-corporations
 - Energy Policies
 - Multiple energy related policies have been extended
 - Please contact us for specific information as they will not affect a super-majority of our clients
 - Medicare Physician Payments
 - Payments to Physicians under Medicare have been significantly altered
 - Please contact us for specific information as they will not affect a super-majority of our clients
- We will continue to inform you of tax law and regulatory changes as information is released.

We are here to help you plan for this event! Please contact us should you desire any tax planning and/or have any questions, comments and observations.

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