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Dear Reader,

We have all survived tax season! It's been a busy time of the year for everyone but we can now breathe easy. Here are some great articles as you sit back and relax this May.

- Importance of W-9's
- Social Security & Medicare Updates
- 2013 Standard Mileage Rates
- Post-Cliff Financial Plans
- Staff Spotlight
- Upcoming Dates
- IRS Audit Squad Nabs 1 in 8 Millionaires

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Importance of W-9's

W-9's are an important piece of information on any individual or company, and should always be required before paying the person or business. A W-9 is an IRS document that provides specific information to the requesting party. The information that is included is very important because it lets the company writing the check know what kind of entity they are paying, a current address and tax ID number. These are all important to know when the business pays taxes because they are required by law to notify the IRS who they pay more than \$600 throughout the year. Although this requirement is in place, there are exceptions for specific entities and no reporting is necessary. The following list breaks down the major sections of the W-9 and explains how they are important.

Legal Name-this is the name of the individual or business that will show up on their tax return.

Business Name-many times a company will have a DBA name or Doing Business As. They will use this instead of the legal name for general business purposes.

Federal Tax Classification-this area of the W-9 is important when it comes to reporting on who a business has paid greater than 600 dollars throughout the year. The classifications include: Individual/Sole Proprietor-mainly regular people or people who personally own their own business. Must be reported on to the IRS.

C or S Corporation-business that are incorporated. These are not reportable to the IRS come tax season.

Partnership-any number of individuals who collectively own a business but are not incorporated. Must be reported on to the IRS.

Limited Liability Company-a business that the owner can only be partly liable for collections if the company is dissolved, but not a corporation. Must be reported on to the IRS.

Non Profits-not reportable to the IRS.

Tax Identification Number-for an individual, this will be their Social Security Number. All other companies will have a federal ID number given to them when they register their business with the IRS.

As one can see, the W-9 is a valuable document containing important information on an individual or business, and should always be required before payment is sent to protect the paying company in the event of a tax audit. You can find the W-9 form online which can be printed out with ease. Many companies keep a file of W-9 forms ready to be handed out to new hires.

Article Source:

EzineArticles.com/6227224

By John Stackson

*Bill Sipes is a registered representative and investment advisor representative with Sunset Financial Services, Inc. Securities & Investment Advisory Services offered through Sunset Financial Services, Inc. 3520 Broadway, Kansas City, MO 64111 (816) 753-7000 (Home Office) Member FINRA/SIPC. Sipes & Seaton, PC, CPAs and Business Appraisers is not affiliated with Sunset Financial Services, Inc.

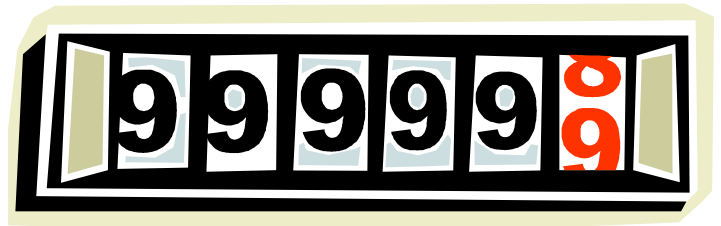
Business is great and we're looking for more!!

Social Security & Medicare Updates

Standard Mileage Rates for 2013

The annual inflation adjustments have been made for the various social security amounts and thresholds. So, we thought it would be a good time to update you for 2013! The social security wage base, for computing the social security tax, increases to \$113,700 in 2013, up from \$110,100 for 2012. The additional \$3,600 for 2013 represents an increase of 3.3% in the wage base. There is no taxable earnings limit for Medicare contributions. New for 2013, the 0.9% Medicare Surtax is imposed on wages and self-employment (SE) income in excess of the following modified adjusted gross income (MAGI) threshold amounts: \$250,000 for joint filers, \$125,000 for married separate filers, and \$200,000 for all other taxpayers. The employer portion of the tax is not increased. This new tax is a provision of the Patient Protection and Affordable Care Act.

The 2013 standard mileage rates for use of an automobile are 56.5¢ per mile for business miles driven (an increase of 1¢ from 2012), and 24¢ per mile for medical or moving purposes (up 1¢ from 2012). The rate for rendering gratuitous services to a charitable organization remains unchanged at 14¢ per mile. The standard mileage rate for business is based on an annual study of the fixed and variable costs of operating an automobile. The rate for medical and moving expenses is based on variable costs. Taxpayers always have the option of calculating the actual costs of using their vehicle rather than using the standard mileage rate. A taxpayer may not use the business standard mileage rate for any vehicle after using any depreciation method under the Modified Accelerated Cost Recovery System (MACRS) or claiming a Section 179 deduction for that vehicle, or for more than four vehicles used simultaneously.



For social security beneficiaries under the full retirement age, the annual exempt amount increases to \$15,120 in 2013 up from \$14,640 in 2012. These beneficiaries will be subject to a \$1 reduction in benefits for each \$2 they earn in excess of \$15,120 in 2013. Social security benefits are not reduced by earned income beginning with the month the beneficiary reaches full benefit retirement age. But remember, social security benefits received may be subject to federal income tax. Individuals may have to pay federal income taxes on up to 85% of their benefits. Inclusion within taxable income can occur if you have substantial income from wages, self-employment, interest, dividends, and other taxable income, in addition to your benefits. However, no one pays federal income tax on more than 85% of his or her benefits.

Post-Cliff Financial Plans for 2013

Money.usnews.com

By Roger Wohlner

January 2, 2013



It's 2013. The world did not end in December and our "leaders" in Washington seem to have averted the fiscal cliff, at least for now. Against this backdrop there are a number of financial planning opportunities for this new year.

Some opportunities born out of the bill passed by the House and the Senate:

- There will be increased opportunities for investors to do Roth conversions. This may or may not be a good idea for you and should be looked at carefully before going this route.
- The estate tax rate increases to 40 percent and the estate tax exemption remains at \$5 million. This now allows for some certainty in estate planning which was lacking with the pending expiration of the old rates.
- The income tax rates on the highest earners will rise to 39.6 percent from 35 percent and the tax rates on dividends rise to 20 percent from 15 percent. Together these increases might influence your investing activities in terms of the types of investments held in taxable vs. tax deferred accounts and in the types of investment vehicles in your portfolio.
- Congress has also made permanent a fix to the Alternative Minimum Tax for the next ten years. Again this might make certain investments more desirable and others less so in your taxable portfolio.

There are other opportunities that are timeless and the New Year is always a good time to address these:

If you aren't contributing the maximum to your 401(k) or similar company retirement account, increase your contribution to the extent that you can. The maximum deferral rates for 2013 are \$17,500 and \$23,000 for those who will be 50 at any point in 2013. At the very least try to contribute enough to receive the maximum match offered by your plan.

Get a financial plan in place or review your existing plan if you have one. This should be the basis of your investing and financial activity. In periods of financial uncertainty a financial plan can be the basis of sound personal financial management.

Review and rebalance your investment portfolio as needed. The markets have been pretty volatile of late, how has this impacted your portfolio?

If you have a number of accounts, such as old 401(k)s, multiple IRAs, etc. organize and consolidate those accounts as appropriate. This will make it easier to review and manage these accounts and to look at all of your investment holdings as a total portfolio versus a collection of investments.

Hire a financial professional if you need help. Here's wishing everyone a happy, healthy, and prosperous 2013.

Roger Wohlner, CFP®, is a fee-only financial adviser at Asset Strategy Consultants based in Arlington Heights, Ill., where he provides advice to individual clients, retirement plan sponsors, foundations, and endowments.





Staff Spotlight



Alisha Long

Alisha Long joined Sipes & Seaton as an Administrative Assistant in May 2007. She provides general administrative support with all day to day operations. Alisha holds an A.A.S from Jackson State Community College and is currently working on completing her B.S in Organizational Leadership from Union University. She resides in Medina, TN with husband Jeremy and sons Nick and Hunter. Contact Alisha at alisha@sipescpa.com.

Upcoming Dates...

To avoid headaches and penalties, mark your calendar with the following key dates:

June 17, 2013

2nd Quarter 2013 Estimated Tax Payment Due

September 16, 2013

Corporate Tax Deadline

3rd Quarter 2013 Estimated Tax Payment Due

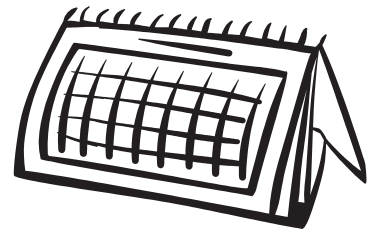
October 15, 2013

Extended Individual Tax Returns Due and Last Chance to Recharacterize 2012 Roth IRA Conversion; If you converted a traditional IRA to a Roth during 2012 and paid tax on the conversion with your 2012 return, October 15, 2013 is the deadline for recharacterizing (undoing) the conversion.

January 15, 2014

4th Quarter 2013 Estimated Tax Payment Due

Source: turbotax.intuit.com & planningtips.com



AND THE WINNERS ARE...

Congratulations to Justin & Christa Tull and Mike & Julie Atkinson!

They referred Sipes & Seaton to family and friends who used our services to prepare their tax return this year. We send a special thank you to all those who participated in this contest and referred us to others.

These two lucky individuals had their names drawn. Enter our contest next year by sending others our way!

Winners received a \$50 Gift Card!



IRS AUDIT SQUAD NABS 1 IN 8 MILLIONAIRES

Robert Frank, CNBC; April 2013



The IRS has learned the Willie Sutton Principle: When it comes to revenues, go to where the money is.

New data from the IRS shows that tax filers with taxable incomes of \$1 million or more were audited nearly 12 times more often than the population as a whole. About one in eight of them were examined in the fiscal year 2012, for a total of 41,000.

Those examinations have proven highly lucrative. The IRS found \$4.8 billion in additional taxes from the audits. The average amount per return was \$117,000.

Of course, not all million-plus earners are tax dodgers. But only about a quarter of those examined last year by the agency had no change in taxes paid.

The audits are part of a new campaign by the IRS to take aim at wealthy tax avoiders. The agency's new Global High Wealth Industry Group, founded in 2009, is staffed by professionals trained in the complex returns often filed by the wealthy. Many of top earners are business owners report their company income through their personal returns, making them far more complicated than most personal returns.

The group is also trained to sniff out overseas accounts, tax shelters and inflated deductions. So if you're earning more than \$1 million a year, chances are the IRS is watching.

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Bill Sipes and Kelly McDonald have joined together to improve our financial services. Bill has known Kelly for nearly 40 years. "He is personable, honest and fair-minded," says Bill.

Kelly is a Chartered Financial Consultant (ChFC), a highly respected credential.

And, like Bill, Kelly is also knowledgeable about life and disability insurance. "He will be a valuable resource for our clients," says Bill.

Serving West Tennessee for more than 35 years.

It's Tax Time and Here's What We Can Do For You!

Tax Planning and Preparation

- Preparation of Federal Income Tax Returns
- Individuals, Corporations, Partnerships, LLCs, Estates & Trust
- Preparation of State Income Tax Returns
- Individuals, Corporations, Partnerships, LLCs, Estates & Trust
- Preparation of Sales tax Returns
- Preparation of Business Tax and Personal Property Tax returns



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