



July/August/September 2016

Citation and Resource Guide

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Special Report on the Protecting Americans from Tax Hikes Act of 2015

- A technical explanation of the Protecting Americans from Tax Hikes Act of 2015 from the Congressional Joint Committee on Taxation can be found at www.jct.gov/publications.html?func=startdown&id=4861.

Deducting Sales Taxes

- The IRS offers a sales tax deduction calculator at www.irs.gov/Individuals/Sales-Tax-Deduction-Calculator.

IRA Charitable Donations

- The IRS explains the rules on qualified charitable distributions in Publication 590-B, Distributions From IRAs, p. 13, at www.irs.gov/pub/irs-pdf/p590b.pdf.

Higher Education Tax Breaks

- For an explanation of the American Opportunity Tax Credit, go to www.jct.gov/publications.html?func=startdown&id=4861.

Tax-Free Investment Gains

- The IRS describes the tax benefits relating to gains from qualified small business stock in Publication 550, Investment Income and Expenses, p. 66, at www.irs.gov/pub/irs-pdf/p550.pdf.

IRA Charitable Donations

- The IRS relates how to elect the Section 179 expensing deduction in Publication 946, How To Depreciate Property, p. 15, at www.irs.gov/pub/irs-pdf/p946.pdf.

Deducting IRA Contributions

- The IRA tax deduction rules for those not covered by an employer retirement plan, including workers' spouses, can be found at www.irs.gov/Retirement-Plans/2015-IRA-Deduction-Limits-Effect-of-Modified-AGI-on-Deduction-if-You-Are-NOT-Covered-by-a-Retirement-Plan-at-Work.

Fun and Games... and Taxes

- To see how the IRS treats gambling winnings and losses, go to Publication 525, Taxable and Nontaxable Income, p. 32, at www.irs.gov/pub/irs-pdf/p525.pdf.

Portability in Estate Planning

- Guidance from the IRS on electing portability of the deceased spouse's unused exclusion amount can be found at www.irs.gov/pub/irs-drop/n-11-82.pdf.

Practice Development Tip

Reveal the New Rules for Executors

The *Surface Transportation and Veterans Health Care Choice Improvement Act of 2015* included new rules for executors of estates that are required to file estate tax returns on Form 706. You should make sure that clients who may have estates that will be required to file Form 706 know about the new rules. Contacting such clients by phone or mail may help you bolster your relationships with them.

In essence, executors generally must file Form 8971 with the IRS, reporting the property received by each estate beneficiary. The estate tax value for each beneficiary's inherited assets must be included and a statement of the reported asset



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values must be sent to the beneficiaries. With such information, beneficiaries will know the basis of inherited assets; the basis will help determine what gain or loss to report on a subsequent asset sale, and the IRS can verify the gain or loss.

This is a very simplified summary of some complex requirements. Nevertheless, if clients have named a surviving spouse or a child or some other non-professional as their executor, those clients should know the new rules are in place. The executors, after being informed, may engage your firm in the future to prepare and disseminate the required forms.

Moreover, informing clients who may have a taxable estate can lead to a discussion of estate tax planning. Even with the eased federal estate tax rules, some clients will have an estate where planning is necessary. State estate tax also may be an issue. Going over the new rules for executors may open the door for more planning, substantial estate tax savings, and appreciation from key clients.

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■ The most successful firms have discovered a solution that retains the best and the brightest while driving desired business outcomes: employee engagement. In this book, author Sandra Wiley presents 10 key initiatives that your firm can employ to foster engagement.

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