



UPDATE

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Dwight Darby & Company

Certified Public Accountants

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How to Protect Yourself Against Tax-Related Identity Theft

Pam Mattox

Tax-related identity theft continues to be an ever-growing national crisis. The Government Accountability Office (GAO) estimated that in tax year 2013, fraudulent tax refunds misdirected to identity thieves was about \$5.8 billion and impacted over 2.4 million U.S. taxpayers. This fraudulent activity has continued to rapidly expand since 2013.

Below are suggested proactive steps and resources to help in your defense of tax-related identity theft.

Secure private personal information - Safeguard family names and birthdates, account numbers, passwords, and Social Security numbers. Carefully consider all requests to provide your Social Security number before giving it out and don't hesitate to ask why your private information is being requested. Secure your Social Security card in a safe or safety deposit box and **never** in your purse or wallet. Proactively shred all documents that contain personal data before disposing of them, even solicitations and "junk" mail that may unknowingly contain account numbers and personal information.

Monitor personal information shared on social media - Cybercriminals methodically gather data from online sources, including commonly used identifiers such as birthdate, maiden name, pet name, hometown, significant other, and/or children's information. Be cautious who you communicate with online and be selective before accepting electronic invitations from people you do not know or recognize. Separate what you post publicly from what you post with your personal contacts. Do not post personal and family data.

Secure your computer - Use current versions of antivirus, malware protection, and firewalls and update these programs frequently. Consider having this software updated automatically, as well as using different computers for business and finances than you do for social media and personal matters. Use strong passwords, change them frequently, and do not share them with others. Review [IRS Publication 4524, Security Awareness for Taxpayers](#), for additional tips.

Beware of impersonators - Criminals utilize sophisticated computer technology, such as dialers and automated questions, to contact thousands of targets daily. Do not provide personal information to callers you do not know. If any caller requests that you verify personal information, be extremely cautious and ask for further confirmation of their identity, such as their telephone number, website, email address, supervisor's name, and mailing address. The IRS initiates communications only by U.S. mail, never by telephone.

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NOW IS A GOOD TIME TO PLAN FOR NEXT YEAR'S TAXES



Dave Bove

You may be tempted to forget about your taxes once you have filed but some tax planning done now may benefit you later. Now is a good time to set up a system so you can keep your tax records safe and easy to find.

- **Take action when life changes occur.** Some life events can change the amount of tax you owe. Examples include a change in marital status or the birth of a child. When these happen, you may need to change the amount of tax withheld from your pay. To do that, file a new Form W-4, Employee's Withholding Allowance Certificate, with your employer. You can utilize the IRS Withholding Calculator tool at IRS.gov to help you fill out the form.

- **Report changes in circumstances to the Health Insurance Marketplace.** If you enroll in insurance coverage through the Health Insurance Marketplace for 2016 coverage, you should report changes in circumstances to the Marketplace when they happen. Report events such as changes in your income or family size. Doing so will help you avoid getting too much or too little financial assistance.
- **Keep records safe.** Keep a copy of your 2015 tax return and supporting records together in a safe place. This includes W-2 Forms, Forms 1099, bank records and records of your family's health insurance coverage. If you ever need your tax return or records, it will be easier for you to get them. For example, you may need a copy of your tax return if you apply for a home loan or financial aid for college.
- **Stay organized.** Make tax time easier. Have your family put tax records in the same place during the year. That way you won't have to search for misplaced records when you file next year.
- **Think about itemizing.** You may be able to lower your taxes if you itemize deductions instead of taking the standard deduction. Owning a home, paying medical expenses and qualified donations to charity could mean more tax savings.

WHAT IS COST SEGREGATION?

Dawn Lopez

Cost Segregation is a tax planning tool that allows commercial property owners who have constructed, purchased or remodeled a commercial property to accelerate depreciation. The study should be completed by an engineer with experience in property assessments, construction and who has an understanding of the IRS component classifications.

Why?

- Increases cash flow by deferring federal and state income taxes
- 15% to 40% of a building's overall costs typically are reclassified to a shorter recovery period
- May identify property that qualifies for special tax credits related to enhancing energy efficiency and/or special depreciation deductions because of shorter lives
- May reduce insurance premiums because some components once reclassified qualify for reduced rates.

How?

- A cost segregation study can identify assets that can be reclassified into shorter life classes than they currently fall under. Typically constructed, purchased, or remodeled components fall under a life class of 39 years, meaning they are depreciated over 39 years using a straight line depreciation method. A Cost Segregation Study will in most cases segregate and reclassify 20% – 50% of the total costs of the project, placing the property into classes of 5, 7, and 15 year depreciation life.
- This is accomplished by examining architectural and engineering drawings, invoices, photographs, and change orders as well as conducting a physical inspection.

Cost?

- This will range depending on the building size, type and physical characteristics but they range anywhere from \$3,500 to \$15,000. But this is usually made up in tax savings immediately.

The Protecting Americans from Tax Hikes (PATH) Act has been retroactively expanded for 2015 and beyond. Since the PATH Act has been enacted, individuals and businesses alike can benefit with new tax strategies.

Tax Breaks for Individuals:

1. The PATH Act can be useful to a taxpayer who has a child in college. The PATH Act makes the American Opportunity credit permanent while at the same time extending the tuition and fees deductions throughout 2016. Although both tax breaks are subject to phase out, they both can be taken in the same year as long as both of the aforementioned tax breaks are not taken for the same student.
2. Particularly of interest to taxpayers in the state of Florida, the PATH Act has permanently extended the state and local sales taxes. Since there is no state income tax in Florida the amount of sale taxes is based on a calculation, there is now the opportunity to increase your sales tax deduction for big purchases such as cars or boats.
3. At the age of 70 ½ the IRS has a required minimum distribution (RMD). However, the IRS



has made a permanent modification with the PATH Act that allows a taxpayer to transfer money from an IRA account directly to a charitable organization. The money contributed is not subject to taxation; however, there is no itemized deduction allowed for such a transfer.

Tax Breaks for Small Businesses:

1. The PATH Act has permanently raised the Section 179 expense to \$500,000 per year starting in 2016. There is a phase out at the amount of property that falls under Section 179 to \$2,010,000. While these higher amounts are permanent in nature, they are subject to inflation indexing.
2. Additionally, the PATH Act has permanently extended the amount of time that qualified leasehold improvements can be depreciated. The permanent amount is 15 years which is an improvement over the traditional 39 years that real property is depreciated over.
3. The research and development credit is now permanent. The credit is traditionally 20% of expenses over a base amount calculated using a historical average of research and development expenses as a percentage of revenues.

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Beware of unsolicited emails and current phishing scams - Don't open attachments or electronic links unless you know the sender. Internet sites should have a lock symbol to show the site is encrypted. Always beware of entering sensitive data. Forward emails received from IRS impersonators to phishing@irs.gov. The IRS **never** initiates contact by email, text message, or social media channels.

Monitor your personal information - Review your bank and credit card statements often.

Consider electronic transmission of financial information - No sensitive tax or personal information should be sent via unsecured email, always use a secure portal, encrypted email, or physical mailing of sensitive information is necessary. This applies even when sending information to your CPA, bank, etc. Dwight Darby & Company uses ShareFile to send and receive information which is encrypted. If you need to send us confidential information, we can send you a secure link for your documents.

Order your free annual credit report - Call 1-877-322-8228 or go to www.annualcreditreport.com to request your report and/or search for creditors you do not know. Choose to use only the last four digits of your Social Security number on your report. Consider placing a credit card freeze on your account so only creditors you approve are allowed to access your file.

If you learn that your identity has been compromised by receiving a letter in the mail from the IRS, please contact us immediately to schedule a meeting to receive assistance in taking the appropriate steps with the IRS to resolve the matter.

Not-For-Profits, Can or Can't They Participate in Elections?

Susan Ghaly

As the 2016 presidential election draws nearer, many not-for-profit organizations may be tempted to join the fray. Although it's been said that politics and tax exemptions for not-for-profits don't mix, that's an oversimplification of the restraints imposed on Section 501(c)(3) organizations. There may be more leeway in the political arena than you think.

What Your Organization *Can* Do

Here are a few examples of what your not-for-profit is allowed to do:

1. Sponsor an appearance by a candidate or public official. If the person is being invited as a candidate, give other candidates the opportunity to also appear and don't indicate your organization's support or opposition to any of the candidates.
2. Hold a debate between candidates. You must invite all the candidates, have an independent panel prepare the questions and provide every candidate with an equal opportunity to speak. The debate should cover a broad range of topics (including those important to your organization).
3. Launch a nonpartisan "get out the vote" drive. The drive must be designed solely to educate the public about voting and cannot promote or oppose any specific candidate or party.

What Your Organization *Can't* Do

Now here are some things you aren't allowed to do:

1. Support a particular candidate or party for election. For instance, you can't get behind or oppose a declared candidate or third-party movement or engage in efforts to draft someone to run for office.
2. Contribute to a campaign or endorse a candidate. This includes both direct financial support and also indirect support such as volunteering to make calls on behalf of a candidate. Not-for-profit workers can, however, contribute their own time and money away from work.
3. Distribute any materials encouraging recipients to vote one way or another. This includes social media and website communications.

Practical Advice

Tread carefully. If the IRS suspects that your organization has violated the rules, it may notify you by letter and then conduct an on-site investigation. Offenses are punishable by revocation of tax-exempt status, but first-time offenders may get away with just a slap on the wrist.

FOOD FOR FUN!

Ann Orand

As summer is coming to an end, vacations are over and school is back in session, enjoy this one pan easy recipe for a quick weeknight dinner.

Stovetop Chicken & Broccoli Casserole

Ingredients

- | | |
|---|--|
| 8 ounces whole-wheat egg noodles | 1/2 cup reduced-fat mayonnaise |
| 1 14-ounce can reduced-sodium chicken broth | 3 tablespoons all-purpose flour |
| 1 pound boneless, skinless chicken breasts, trimmed, cut into 3/4-inch pieces | 1 1/2 teaspoons dry mustard |
| 1 14- to 16-ounce package frozen broccoli florets, thawed and chopped, if desired | 1/2 teaspoon garlic powder |
| 1 1/2 cups skim milk | 1/4 teaspoon salt |
| | 1/4 teaspoon freshly ground pepper |
| | 1 1/2 cups shredded Colby-Jack or Cheddar cheese |



Directions

1. Place noodles in a large skillet. Pour broth over the noodles. Layer chicken, then broccoli over the noodles.
2. Whisk milk, mayonnaise, flour, dry mustard, garlic powder, salt and pepper in a medium bowl. Pour over the broccoli.
3. Bring to a simmer over medium-high heat. Reduce heat to maintain a simmer, cover and cook, stirring once or twice, until the noodles and chicken are cooked through, 15 to 18 minutes.
4. Meanwhile, position rack in upper third of oven; preheat broiler.
5. When the casserole is done, sprinkle cheese on top and broil until lightly browned, about 3 minutes.

(Recipe by Eating Well Test Kitchen)

How to Reduce Workplace Stress

Originally published from the AICPA, Driscoll, Holtgrave, and others offer the following tips to help relieve stress in and outside of the office/workplace.

Know what sparks your stress - Everyone has a distinctive “stress profile,” and it’s important to understand your tension triggers so you can alleviate anxiety. “What causes stress for one person can reduce it for another person,” said author and stress management consultant Lane Robinson. Understanding that each person on your team is unique can help you structure your work environment to minimize stress.



Take breaks - Leave your desk several times each day. Take a stroll around the office or in a nearby green space. Converse briefly with a colleague. Go out to lunch every now and then and get a change of scenery. Urge your staff to take a break for 15 minutes to 30 minutes and get into a different environment.

Communicate with your manager/supervisor - If you feel overwhelmed and your stress level is rising, talk with your supervisor about possibly lightening your load. Don't take on more and more if you feel overwhelmed and don't be afraid to ask for help when needed.

Prioritize and organize - Do your work step by step. When your workload is wearing you down, break your tasks down into smaller pieces and focus on those. Think about what you need to accomplish today or in the next few hours, and don't worry about everything that needs to get done in the future.

Find your passion - Do you like to cook? Paint? Walk your dog? Figure out what hobbies relax you and do them, regularly. Also, since you likely spend a lot of time in front of the computer as it is, try to identify at least a few calming activities that don't involve electronics.

Exercise and socialize outside the office - Activities away from work can help clear your mind and energize you. It's very important to exercise on a regular basis.

Get more sleep - It's easy to burn the midnight oil, especially when the workload is heavy. But a fresh mind improves your focus, and getting enough sleep will help.

Savor the silence - In today's technology-driven world, silence is often forgotten. Take five to ten minutes a day to detach. Sit and breathe, play soothing music, shut your cellphone off, clear your mind.

Envision your ideal environment - Some people thrive in chaos, and others crave order. Figure out which works best for you, and adjust accordingly.

Career Opportunities Currently Available



Dwight Darby and Company is seeking outstanding individuals to fill two open positions at our firm. The openings include a Senior Audit and Tax Accountant.

Dwight Darby & Company is a local CPA firm located in Tampa for over sixty-five years, Dwight Darby & Company has established an outstanding reputation as a

respected business advisor within the community as well as maintaining long-term employees.

We are truly a "local" firm. Each of our partners has a history of continuity by having an association with the firm from twenty-four to forty years. Of the four partners, three began their public accounting careers with Dwight Darby & Company. Part of the strength of our firm is the continuity and stability of the firm's partners and its employees.

We distinguish ourselves from other firms by the quality of service we provide to our clients and the way we treat our employees.

Position outlines can be found on our website at www.dwightdarby.com/careers.

Closing Entries

John Brannan – Managing Partner – Update

We at the firm miss John daily and look forward to his continued recovery and eventual return to the office. In the meantime, we will continue to meet with and serve John's clients in his absence and will strive to keep his service to you seamless.

ANNIVERSARIES

The following Dwight Darby & Company employment anniversaries will be occurring this fall:

Karen Sellars - 15 years in September

Margaret McDeed - 10 years in September

2015 TAX DEADLINES

The deadline for extended tax returns is fast approaching, individuals, estates and trust, corporation, and partnerships are due as follows:

Corporation and Partnership tax returns - September 15, 2016

Individuals, Estate and Trust tax returns - October 17, 2016

In order for us to prepare your returns on a timely basis and manage our workload, we respectfully request to receive your remaining tax information for the corporate September 15th deadline no later than August 31st and for the individual October 17th deadline by September 30th. Should you need additional time past those dates, please give us a call to discuss.

This newsletter is published for our clients and other interested persons. Since this information may be of a technical nature, no final decision should be made without first consulting our office.

Dwight Darby & Company

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To receive this newsletter in electronic format, please send an email to cpa@dwightdarby.com with the words "mailing list" in the subject line. Please also let us know if you are a business, individual, or both.